Miami Beach Redevelopment Agency Commission Chambers, 3rd Floor, City Hall 1700 Convention Center Drive December 8, 2004

Chairman of the Board David Dermer Member of the Board Matti Herrera Bower Member of the Board Simon Cruz Member of the Board Luis R. Garcia, Jr. Member of the Board Saul Gross Member of the Board Jose Smith Member of the Board Richard L. Steinberg

Executive Director Jorge M. Gonzalez Assistant Director Christina M. Cuervo Assistant Director Mayra Diaz Buttacavoli General Counsel Murray H. Dubbin Secretary Robert E. Parcher

AGENDA

- 1. ROLL CALL
- 2. OLD BUSINESS
 - A Report Of The Itemized Revenues And Expenditures Of The Miami Beach Redevelopment Agency For The Month Of October 2004. (Page 582)

3. NEW BUSINESS

- A Resolution Of The Chairman And Members Of The Miami Beach Redevelopment Agency Approving A Settlement Providing For The Early Termination Of The Retail Lease Agreement Between The Miami Beach Redevelopment Agency (RDA), As Landlord, And Adolfo Dominguez U.S.A., Inc., As Tenant, Dated December 8, 2004, For Suites 1, 2, 3 And 4 In The Anchor Shops, Located At 100 16th Street, Miami Beach, Florida; Approving The Aforestated Settlement Subject To And Conditioned Upon Tenant's Execution And Satisfaction Of The Terms And Conditions Set Forth In The Attached Letter Agreement, Dated December 8, 2004, Between The RDA And The Tenant; Further Authorizing The Chairman And Secretary To Execute A New Retail Lease Agreement With The Replacement Tenant, Cuts Fitness For Men, LLC, For The Above Described Retail Premises. (Page 616)
- B Status Report On Closing Documents Between The City Of Miami Beach, The Miami Beach Redevelopment Agency And RDP Royal Palm Hotel Limited Partnership ("RDP"). (Page 645)

End of RDA Agenda





HOW A PERSON MAY APPEAR BEFORE THE REDEVELOPMENT AGENCY OF THE CITY OF MIAMI BEACH, FLORIDA

The regularly scheduled meetings of the Redevelopment Agency are established by Resolution and are generally held on the same day the Miami Beach City Commission holds their regularly scheduled meetings. The Redevelopment Agency meetings commence at 10:00 a.m.

- 1. Jorge M. Gonzalez has been designated as the Agency's Executive Director. Robert Parcher has been designated as the Agency's Secretary.
- 2. Person requesting placement of an item on the agenda must provide a written statement to the Agency Executive Director, 4th Floor, City Hall, 1700 Convention Center Drive, telephone 673-7285, outlining the subject matter of the proposed presentation. In order to determine whether or not the request can be handled administratively, an appointment will be set up to discuss the matter with a member of the Executive Director's staff. Procedurally, "Request for Agenda Consideration" will not be placed upon the Agency agenda until after Administrative staff review. Such review will ensure that the issue has been addressed in sufficient detail so that the Agency members may be fully apprised of the matter to be presented. Persons will be allowed three (3) minutes to make their presentation and will be limited to those subjects included in their written request. Such written requests must be received in the Executive Director's office no later than noon on Tuesday of the week prior to the scheduled Agency meeting to allow time for processing and inclusion in the agenda package.
- 3. Once an agenda for the Redevelopment Agency meeting is published, and a person wishes to speak on items listed on the agenda, he/she may call or come to the Agency Secretary's Office, 1st floor, City Hall, 1700 Convention Center Drive, telephone 673-7411, before 5:00 p.m., on the Tuesday prior to the Agency meeting and give their name, the agenda item to be discussed and, where known, the agenda item number.

Copies of the Agency agenda may be reviewed at the Agency's Secretary Office (City Clerk's Office) on the Monday prior to the Agency's regular meeting.

The complete agenda, with all backup material, is available for inspection on the Monday prior to the Agency meeting at the Agency Secretary office (City Clerk's Office).

4. All persons who have been listed by the Agency Secretary to speak on the agenda item in which they are specifically interested, will be allowed up to three (3) minutes to present their views.

Robert Parcher Agency Secretary

March 7, 2001

City Clerk: 3/2001

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CITY OF MIAMI BEACH

2005 CITY COMMISSION AND REDEVELOPMENT AGENCY MEETINGS

Wednesday, January 12

Wednesday, February 2

Wednesday, February 23

Wednesday, March 16

Wednesday, April 13

Wednesday, May 4

Wednesday, May 25

Wednesday, June 8

Wednesday, July 6

Wednesday, July 27

August, RDA is in recess

Wednesday, September 7

Wednesday, October 19

Wednesday, November 2 *

Wednesday, November 16* (if run-off required)

Wednesday, December 7

*Election items only

REPORT OF THE ITEMIZED REVENUES AND EXPENDITURES

OF THE

MIAMI BEACH REDEVELOPMENT AGENCY

FOR THE MONTH OF OCTOBER 2004

Agenda Item <u>2A</u> Date <u>12-08-04</u>



MIAMI BEACH REDEVELOPMENT AGENCY

CITY HALL 1700 CONVENTION CENTER DRIVE MIAMI BEACH, FLORIDA 33139 www.ci.miami-beach.fl.us



Date: December 8, 2004

REDEVELOPMENT AGENCY MEMORANDUM

To:

Chairman and Members of

the Miami Beach Redevelopment Agency

From:

Jorge M. Gonzalez

Executive Director

Subject:

REPORT OF THE ITEMIZED REVENUES AND EXPENDITURES OF THE

MIAMI BEACH REDEVELOPMENT AGENCY FOR THE ONE MONTH

ENDED OCTOBER 31, 2004

On July 15, 1998 the Chairman and Members of the Board of the Miami Beach Redevelopment Agency resolved that an itemized report of the revenues and expenditures of the Miami Beach Redevelopment Agency, with respect to each redevelopment area, would be made available to the Chairman and Members of the Board of the Miami Beach Redevelopment Agency at the end of each month. Further, it was resolved that such report would be made available no later than five days prior to the second regularly scheduled Redevelopment Agency meeting in the month immediately following the month for which such report is prepared and that the report would be placed on the Redevelopment Agency Agenda for the second meeting of each month as a discussion item. Because the distribution date for the second Commission meeting of some months falls prior to our receipt of bank statements for the month, we advised on October 21, 1998, that beginning with the report for the month ending October 31, 1998 all monthly Redevelopment Agency reports would henceforth be included as part of the agenda for the first Commission meeting of each month.

The attached material includes the following:

Section A - South Pointe Redevelopment District

- Summary of Cash Basis Transactions by Project and by Expenditure Type for the Fiscal Years Ended September 30, 1988 through 2004 and the One Month Ended October 31, 2004
- Check and Wire Transfer Register sorted by Project and Type of Expenditure for the One Month Ended October 31, 2004
- Narrative of Major Projects Planned and/or Underway

Section B - City Center Redevelopment District

 Summary of Cash Basis Transactions by Project and by Expenditure Type for the Fiscal Years Ended September 30, 1988 through 2004 and the One Month Ended October 31, 2004



- Check and Wire Transfer Register sorted by Project and Type of Expenditure for the One Month Ended October 31, 2004
- Narrative of Major Projects Planned and/or Underway



SOUTH POINTE REDEVELOPMENT DISTRICT

FINANCIAL INFORMATION

FOR THE MONTH ENDED

OCTOBER 31, 2004



Miami Beach Redevelopment Agency 1700 Convention Center Drive Miami Beach, Florida 33139 Telephone: (305) 673-7295



December 8, 2004

TO:

Fax: (305) 673-7772

Jorge M. Gonzalez, Executive Director

FROM:

Patricia D. Walker, Chief Financial Officer

City of Miami Beach

SUBJECT: South Pointe Redevelopment District Financial Information

For the One Month Ended October 31, 2004

At the July 15, 1998 Commission/Redevelopment Agency meeting a request was made for monthly financial information for the South Pointe Redevelopment District. The information has been compiled and is attached.

Historical Cash Basis Financial Information

The summary report included in the attached material, reflects that during the period from October 1, 1987 through October 31, 2004 approximately \$101,731,000 of revenues were received in the South Pointe District of the Redevelopment Agency ("RDA").

The primary sources of these revenues included approximately:

- 81,505,000 Incremental Ad Valorem tax;
- \$ 6,860,000 - Bond proceeds;
- \$ 5,188,000 - Land sale;
- 3,046,000 Interest income;
- \$ \$ 2,977,000 - Rental income;
- 1,000,000 Loan from the City of Miami Beach;
- \$ 350,000 - State Grant; and
- \$ 805.000 - From various sources.

The opening cash balance for October 1, 1987 was approximately \$1,042,000; therefore, the total amount of funds available for the period was \$102,773,000.

On the expenditure side, approximately \$71,098,000 has been expended from October 1, 1987 through October 31, 2004.



CITY CENTER Redevelopment District These approximate expenditures were primarily made in the following areas:

- \$ 15,608,000 Cobb/Courts Project;
- \$ 13,192,000 Debt Service Payments;
- \$11,727,000 Portofino Project;
- \$ 9,384,000 South Pointe Streetscape/Park;
- \$ 6,447,000 SSDI Project;
- \$ 6,143,000 Administrative Costs;
- \$ 5,726,000 Marina Project;
- \$ 1,045,000 Carner-Mason Settlement and Other Reimbursements;
- \$ 446,000 Community Policing; and
- \$ 1,380,000 Other Project Costs.

The cash balance as of October 31, 2004 is approximately \$31,675,000. This balance consisted of the following amounts:

- \$ 30,125,000 Cash and Investment balance;
- \$ 804,000 1989 Bonds Sinking Fund Principal Account;
- \$ 709,000 1989 Bonds Sinking Debt Service Reserve Account; and
- \$ 37,000 1989 Bonds Sinking Fund Interest Account.

JMG:PDW:MIM:jar

SUMMARY OF CASH BASIS TRANSACTIONS FOR THE MONTH ENDED OCTOBER 31, 2004

Redevelopment Agency - South Pointe District Summary of Cash Basis Transactions by Project Fiscal Years 1988 - 2005 (through October 31, 2004)

			_	Total
	Prior Years	 FY 2005	Re	ev./Expend.
OPENING CASH/INVSTMT BALANCE \$	1,041,730	\$ 31,624,266		
REVENUE				
- Tax increment - City	43,745,702	-	\$	43,745,702
- Tax increment - County	37,139,689	-		37,139,689
- Tax increment (Interest) - County	26,627	-		26,627
- Tax increment - Children's Trust	592,809	-		592,809
- Bond proceeds	6,860,000	-		6,860,000
- Cobb Partners - Closing Parcel 1, 2	5,187,944	-		5,187,944
- Marina rental income	2,972,795	4,000		2,976,795
- Interest income	3,032,071	14,440		3,046,511
- Loan from City	1,000,000	-		1,000,000
- Grants (Fla. Inland Navig.; shoreline restore.)	350,000	-		350,000
- Other Grants	5,000	-		5,000
- St. sales tax (receipt - income for pmt. to St)	190,545	700		191,245
- Daughters of Israel contribreloc. Mikvah	28,000	-		28,000
- Consulting fee refund-Rahn S. Beach	27,026	-		27,026
- Olympus Hldgreimb. Portofino advertsg.	24,405	-		24,405
- Mendelson environ. reimb./refund	10,000	-		10,000
- Regosa Engineering refund - Marina	8,500	-		8,500
- Portofino DRI Payment from Greenberg T.	18,056	-		18,056
- Payment received from Greenberg T. for CMB	23,500	-		23,500
- Payment received from Olympus Holdings, Inc.	96,276	-		96,276
- Payment received from Marquesa, Inc.	2,000	-		2,000
- Cost of asbestos remediation reimbCobb	5,800	-		5,800
- Miscellaneous income	4,719	-		4,719
- Galbut & Galbut contribreloc. Mikvah	3,500	-		3,500
- Murano Two, Ltd-Cash Bond per Agreement	242,000	-		242,000
- Other (void ck; IRS refund; Am. Bonding)	56,490	58,581		115,071
Total Revenues	101,653,454	77,721	\$	101,731,175
	·			
EXPENDITURES				
<u>PROJECTS</u>				
Cobb/Courts	(15,608,223)	-		(15,608,223)
Marina	(5,725,682)	(314)		(5,725,996)

Redevelopment Agency - South Pointe District Summary of Cash Basis Transactions by Project Fiscal Years 1988 - 2005 (through October 31, 2004)

	Prior Years	FY 2005	Total Rev./Expend.
- Portofino	(11,726,826)	-	(11,726,826)
South Pointe Streetscape	(9,368,026)	(15,912)	(9,383,938)
SSDI	(6,446,941)	· •	(6,446,941)
Fifth St. Beautification	(300,000)	-	(300,000)
Beach Colony (l'scape/stscape/site imprvmt)	(80,912)	-	(80,912)
Marriott	(53,061)	-	(53,061)
Washington Ave.	(469,132)	-	(469,132)
Design guidelines	(43,708)	-	(43,708)
MBTMA/Mobility	(32,225)	-	(32,225)
S. Pointe Zoning	(20,819)	-	(20,819)
Alaska Baywalk	(80,768)	-	(80,768)
Victory/Community Gardens	(155,961)	-	` (155,961)
Washington Park	(625)	-	(625)
Water/Sewer Pump Station Upgrade	(47,583)	-	(47,583)
Flamingo S. Bid A R.O.W.	(31,479)	-	(31,479)
Potamkin Project	(7,200)	-	(7,200)
Miscellaneous	(56,159)	-	(56,159)
Total Projects	(50,255,330)	(16,226)	(50,271,556)
<u>ADMINISTRATIVE</u>	(6,142,359)	(857)	(6,143,216)
DEBT SERVICE/LOAN REPAYMENT	(13,191,941)	_	(13,191,941)
MISCELLANEOUS			
Carner Mason settlement	(946,163)	-	(946,163)
City of Miami Beach (reimburse water main)	• • •	-	(74,067)
Miscellaneous	(24,503)	-	(24,503)
•	(1,044,733)	-	(1,044,733)
COMMUNITY POLICING	(436,555)	(9,748)	(446,303)
TOTAL EXPENDITURES	(71,070,918)	(26,831)	\$ (71,097,749)
ENDING CASH/INVSTMT. BALANCE	\$ 31,624,266	\$ 31,675,156	

Redevelopment Agency - South Pointe District Summary of Cash Basis Transactions by Expenditure Type Fiscal Years 1988 - 2005 (through October 31, 2004)

	Prior Years		FY 2005	R	Total ev./Expend.
OPENING CASH/INVSTMT BALANCE \$	1,041,730	\$	31,624,266	- 1	зулдарона.
OF ENING GAGIIII TOTILI BALANCE	1,0 1 1,1 00	•	J 1,1-1,-1		
REVENUE					
- Tax increment - City	43,745,702		_	\$	43,745,702
- Tax increment - County	37,139,689		-		37,139,689
- Tax increment (Interest) - County	26,627		-		26,627
- Tax increment - Children's Trust	592,809		-		592,809
- Bond proceeds	6,860,000		-		6,860,000
- Cobb Partners - Closing Parcel 1, 2	5,187,944		-		5,187,944
- Marina rental income	2,972,795		4,000		2,976,795
- Interest income	3,032,071		14,440		3,046,511
- Loan from City	1,000,000		-		1,000,000
- Grants (Fla. Inland Navig.; shoreline restore.)	350,000		-		350,000
- Other Grants	5,000		-		5,000
- St. sales tax (receipt - income for pmt. to St)	190,545		700		191,245
- Daughters of Israel contribreloc. Mikvah	28,000		-		28,000
- Consulting fee refund-Rahn S. Beach	27,026		-		27,026
- Olympus Hldgreimb. Portofino advertsg.	24,405		-		24,405
- Mendelson environ. reimb./refund	10,000		-		10,000
- Regosa Engineering refund - Marina	8,500		-		8,500
- Portofino DRI Payment from Greenberg T.	18,056		-		18,056
- Payment received from Greenberg T. for CMB	23,500		-		23,500
- Payment received from Olympus Holdings, Inc			-		96,276
- Payment received from Marquesa, Inc.	2,000		-		2,000
- Cost of asbestos remediation reimb -Cobb	5,800		-		5,800
- Miscellaneous income	4,719		_		4,719
- Galbut & Galbut contribreloc. Mikvah	3,500		-		3,500
- Murano Two, Ltd-Cash Bond per Agreement	242,000		-		242,000
- Other (void ck; IRS refund; Am. Bonding)	56,490		58,581		115,071
Total Revenues	101,653,454		77,721	\$	101,731,175
-	······································				
Expenditures	(0.444.005)			Φ.	(0.444.005)
Land acquisition	(9,444,065)		-	\$	(9,444,065)
Legal fees/costs	(7,055,232)		(45.040)		(7,055,232)
Professional services	(4,898,771)		(15,912)		(4,914,683)
Construction	(14,128,650)		-		(14,128,650)

Redevelopment Agency - South Pointe District Summary of Cash Basis Transactions by Expenditure Type Fiscal Years 1988 - 2005 (through October 31, 2004)

			Total
	Prior Years	FY 2005	Rev./Expend.
Utilities relocation	(1,873,213)	-	(1,873,213)
Environmental	(397,344)	-	(397,344)
Submerged land lease	(1,866,751)	-	(1,866,751)
Lease agreements	(6,863,371)	-	(6,863,371)
Miscellaneous	(2,155,082)	(314)	(2,155,396)
Property Taxes	(275,589)	-	(275,589)
Administration	(6,142,359)	(857)	(6,143,216)
Debt Service/loan repayment	(13,191,941)	-	(13,191,941)
Refund of Cash Bond	(242,000)	-	(242,000)
Miscellaneous Project Costs	(2,099,995)	-	(2,099,995)
Community Policing	(436,555)	(9,748)	(446,303)
	(71,070,918)	(26,831)	\$ (71,097,749)
ENDING CASH/INVSTMT. BALANCE	\$ 31,624,266	\$ 31,675,156	

CHECK & WIRE TRANSFER REGISTER

SORTED BY

PROJECT & TYPE OF EXPENDITURE

FOR THE MONTH ENDED OCTOBER 31, 2004

Redevelopment Agency - South Pointe District Check & Wire Transfer Register by Project & Type of Expense Fiscal Year 2005 (through October 31, 2004)

Check #	Date	Payee	Amount	Type of Expense	Project or N/A
6375	10/19/04	***Void***	0.00		Administration
6376	10/19/04	Department of Community Affairs	175.00 175.00	Annual Special District Fee	Administration
Wire	10/19/04	Florida Department of Revenue	682.50 682.50	Sales Tax	Administration
		TOTAL ADMINISTRATION	857.50		
6377 6378 6380 6381	10/25/04 10/25/04 10/25/04 10/27/04	J.C. White Office Furniture Software House International, Inc. David De La Espriella City of Miami Beach	7,073.54 804.78 279.40 1,589.85 9,747.57	Office Furniture Computer Software Reimb CMB-Travel Reimb CMB - Visa Charges	Community Policing Community Policing Community Policing Community Policing
		TOTAL COMMUNITY POLICING	9,747.57		
6382	10/28/04	FPL	314.12 314.12	Utilities - Parking Garage	Marina
		TOTAL MARINA	314.12		
6379	10/25/04	Wolfberg Alvarez	15,911.62 15,911.62	Professional Services-SP Street Ph. 2	S. Pointe Streetscape
		TOTAL S. POINTE STREETSCAPE	15,911.62		
		REPORT TOTAL	\$ 26,830.81		

ATTACHMENT "A" SUMMARY OF MAJOR PROJECTS

REDEVELOPMENT PROJECTS (Planned and/or Underway)

South Pointe Projects:

Project

Status - as of 12/01/04

Courts and Cosmopolitan Project (Formerly the Courts of South Beach)

A Mediterranean town-house development located between First and Second Streets and between Alton Road and Washington Avenue. The project is the subject of a Development Agreement, executed by the RDA in 1989. Phases I, II, III and V, made up of residential and commercial are complete. Phase IV, consisting of 231 residential units and 10 commercial units was substantially completed in Summer 2004.

In conformance with the original Development Agreement, the developer completed construction of a Piazza/bus station shelter located on Alton Rd. at 2nd Street which includes landscaping and pavers. Additionally, the developer has completed streetscape improvements from Meridian to Washington on 1st and 2nd Streets. Streetscape improvements include new paving, sidewalks, drainage, landscaping and irrigation.

Since the execution of the original Development Agreement, the development rights have transitioned to two additional developers. Groupe Pacific is currently the Developer of Record.

Total Project Cost: Est. \$100 Million

Total CRA participation: Est. \$16.5 Million - Land acquisition and related administrative and construction expenses.

Library Project

As part of the Courts Settlement Agreement, the RDA has exercised an option to purchase and contribute to the City of Miami Beach, a 5,000 square foot commercial condominium space in Phase I of the project, which is to be utilized as a Library or for other public usage that is mutually agreed to by the parties. The RDA shall pay \$275,000 in 10 yearly installments commencing on the closing date, which is scheduled to occur on or prior to December 31, 2004. The Library space received a temporary certificate of occupancy in October, 2004, and is anticipated to receive a full Certificate of Occupancy in December, upon delivery of furnishings by the Library System.

Total Project Cost: \$795,000 **Total CRA participation:** \$275,000

Project

Community/Victory Garden

Status - as of 12/01/04

In an effort to provide increased parking in the South Pointe area, and in an effort to maximize the future use of City assets, the Community Garden located at 131-139 Washington Avenue will be moved to 224 Collins Avenue. From March 2001 through September 2001, several Community meetings were held to discuss this issue with residents and City Staff. In January 2002, an Architectural and Engineering Firm (Coastal Engineering) was selected and an agreement in the amount of \$16,120 was executed, and on March 19, 2003, the Board ratified the selection of Andrew Reid as the artist for the project as recommended by the Art in Public Places Committee for a fee of \$33,800. The Garden project, which was constructed through a JOC Contractor, has been completed and final certificate of Occupancy has been obtained. The fence, already designed and permitted, is currently under fabrication and scheduled for completion and installation towards the end of the year. The community gardening program is already underway in the Garden and a formal opening and dedication will be held to coincide with the installation of the fence and a memorial plaque, commemorating Joe Villari, who was active in the South Point neighborhood.

Total Project Cost: Est. \$168,800 **Total CRA participation:** Est. \$168,800

Portofino

Development of the Miami Beach Marina (SSDI North & South) and several other properties owned by the Portofino Group in the South Pointe Area. Portofino's properties west of Washington Ave. are subject to a DRI and their development is conditioned by a Settlement Agreement with the RDA (1998). The first phase involving Portofino Tower, a 228-unit luxury condominium was completed in 1997. The second phase is the Yacht Club at Portofino a 361-unit luxury condominium, on the south part of the Marina (SSDI South), and the adjacent Murano Tower, a 189-unit luxury condominium, which was completed in 2002. The RDA's responsibilities relative to these developments include the reimbursement to the Developer for utility relocations, the completion and repair of the seawall and baywalk, public parking for the Marina (located in the first floor of each of the parking garages) and certain improvements. The third phase, involving the construction of two luxury condominium towers, Murano Grande and Icon, which will house approximately 555 units, is underway. Murano Grande is in the process of obtaining a final CO. The construction of the ICON project is expected to take 12 months to complete.

Total CRA participation: Est. \$14 Million - utility relocations, completion and repair of the seawall and baywalk, public parking for the Marina and certain streetscape improvements.

Status - as of 12/01/04

Project

Temporary Alaska Parcel Baywalk

In connection with parking lots constructed south of South Pointe Drive, and pursuant to a Planning Board Order issued on August 22, 2001, the property owner of the Alaska Parcel agreed to grant the City/RDA a temporary non-exclusive baywalk access easement over and upon the setback area solely for the purposes of public access and to allow the City/RDA to construct, operate and maintain a temporary baywalk for the duration of the period of time that the Alaska Bayfront Assemblage is utilized for temporary parking purposes. Consequently, on May 29, 2002, Resolution 421-2002 was passed appropriating \$171,000 from South Pointe Tax Increment Funds for the construction costs of a temporary pedestrian baywalk. On March 19, 2003, Resolution 447-2003 accepted a grant of a temporary baywalk easement, and further appropriated an amount not to exceed \$60,000 for the operation and maintenance of the baywalk. Construction of the temporary baywalk was completed in August, 2003.

Total CRA participation: \$231,000 for construction, operation and maintenance of baywalk.

Streetscape Improvements

A \$27 million streetscape improvement project for the South Pointe Area, based on a Master Plan and preliminary design by Duany Plater-Zyberk and endorsed by South Pointe Advisory Board; Phase I of the streetscape improvements, comprising Third Street and Washington Avenue, including its two-block extension in South Pointe Park, was completed in October 2002. On September 25, 2002, the Commission approved an A/E services contract with Wolfberg Alvarez in the amount of \$469,634 for the planning and design of Phase II of the project. On February 4, 2004, the Commission approved the Basis of Design Report for Phase II and construction design is currently at 30% completion. Phase II construction is expected to begin in mid-2005 and will require approximately 16 months to complete. An RFQ was issued for AE services for Phases III, IV, and V of the project, and a selection process was undertaken, resulting in the City Commission authorizing negotiations with Chen and Associates on September 8, 2004, which are in process.

Total CRA participation: \$27 Million

Project

South Pointe Park

Status - as of 12/01/04

Preparation and implementation of Master Plan for South Pointe Park, funded by a combination of tax increment and GO Bond funds. The project will include landscaping, lighting, pedestrian paths, parking and maintenance facilities. An RFQ for required design services was issued in early 2003 but responses were subsequently rejected when it was determined that the size and shape of the park property was likely to change as a result of the Portofino settlement agreement. A settlement agreement was approved on July 28, 2004. A new RFQ was issued on September 20, 2004 with responses due in October. The Evaluation Committee met and ranked Hargreaves and Associates first. On November 10, 2004, the City Commission authorized negotiations with Hargreaves. A County G.O. Bond referendum adding \$5 million to project was approved on 11/02/04.

Total Project Cost: \$10.2 Million **Total CRA participation:** \$3.2 Million

Waste Water Master Booster Pump Station

In order to address the City's need for a waste water master booster pump station, a design consultant is in the process of designing the facility on the city-owned triangular property which fronts Alton Road, between First Street and Commerce Street. The City has negotiated an Amendment to the Architectural and Engineering Agreement to re-design the Project to consolidate the size of the building and its location on one site versus two, while maintaining a façade that adapts to the neighborhood. The Amendment was approved at the September 8, 2004 Commission Meeting, was executed, and CDM given a Notice to Proceed. CDM has prepared a preliminary design for the two pump scheme including a new architectural design concept, and a preliminary cost estimate. The design is scheduled to be completed by July 2005. This project is being fully funded through funds from the RDA.

Total Project Cost: TBD
Total CRA participation: TBD

Art in Public Places

The required Art in Public Places component of the Public Plaza on Washington Avenue and Third Street, has been designed and is being constructed.

Total Project Cost: \$100,000 **Total CRA participation:** \$100,000

CITY CENTER REDEVELOPMENT DISTRICT

FINANCIAL INFORMATION

FOR THE MONTH ENDED

OCTOBER 31, 2004

Fax: (305) 673-7772



December 8, 2004

TO:

Jorge M. Gonzalez, Executive Director

FROM:

Patricia D. Walker, Chief Financial Officer

City of Miami Beach

SUBJECT: City Center Redevelopment District Financial Information

For the One Month Ended October 31, 2004

At the July 15, 1998 Commission/Redevelopment Agency meeting a request was made for monthly financial information for the City Center Redevelopment District. The information has been compiled and is attached.

Historical Cash Basis Financial Information

The summary report included in the attached material, reflects that during the period from October 1, 1993 through October 31, 2004 approximately \$275,695,000 of revenues were received in the City Center District of the Redevelopment Agency ("RDA").

The primary sources of these revenues included approximately:

- \$ 108,779,000 Bond proceeds;
- 71,516,000 Incremental Ad Valorem tax;
- 19,852,000 Loews Hotel Exercise Option;
- 19,190,000 Draws from the line of credit from the City of Miami Beach;
- 16,304,000 Resort tax contributions;
- 10,103,000 Anchor Garage receipts;
- 8,193,000 Loews Ground Lease receipts;
- \$ 7,560,000 - Interest income;
- 3,000,000 Loan from the City of Miami Beach;
- \$ \$ \$ \$ 2,700,000 - Contributions from GMCVB toward debt service payments;
- 2,492,000 Anchor Shops receipts;
- 1,976,000 Reimbursements from other state and local agencies;
- \$ 700,000 - Contribution from CMB Parking Department;
- \$ 434,000 - RDP Royal Palm Ground Lease receipts; and
- 2,896,000 From various sources.

SOUTH DOINTE Redevelopment District

CITY CENTER Redevelopment District On the expenditure side, approximately \$237,369,000 has been expended from October 1, 1993 through October 31, 2004. These approximate expenditures were primarily made in the following areas:

```
$ 90,669,000 - Debt Service Payments;
$ 61,516,000 - Convention Center Hotel Project (Loews Hotel);
$ 18,248,000 - Hotel Garage Project;
$ 16,353,000 - Lincoln Road/Bass Museum Loan Repayment to CMB;
$ 12,919,000 - African-American Hotel Project;
$ 9,550,000 - Collins Park Cultural Center;
$ 6,561,000 - Administrative Costs;
$ 6,292,000 - Anchor Garage Operations;
$ 5,044,000 - Colony Theater;
$ 2,903,000 - Beachwalk Project;
$ 2,385,000 - Secondary Pledge Repayments (Resort Tax);
  1,145,000 – Washington Avenue Streetscapes:
 1,333,000 - Lincoln Road Project;
    543,000 - Anchor Shops Operations;
    399,000 - Community Policing;
    182,000 - Movie Theater Project; and
  1,327,000 - Other Project Costs.
```

The cash balance as of October 31, 2004 is approximately \$38,326,000. This balance consisted of the following amounts:

- \$ 26,273,000 Cash and Investments Balance;
- \$ 5,852,000 Fully Funded Debt Service Reserve Accounts;
- \$ 4,397,000 Construction Accounts; and
- \$ 1,804,000 Portion of Debt Service Payments, Held in Trust.



SUMMARY OF CASH BASIS TRANSACTIONS FOR THE MONTH ENDED OCTOBER 31, 2004

Redevelopment Agency - City Center/Historic Convention Village Summary of Cash Basis Transactions by Project Fiscal Years 1994 - 2005 (through October 31, 2004)

OPENING CASH/INVESTMENT BALANCE	Prior Years	FY 2005 \$ 38,881,436	Total Rev./Expend.
REVENUE			
- Tax increment - County - Tax increment - City - Tax increment (Interest) - County - Tax increment - Children's Trust - Bond proceeds - Rental income - Anchor Garage receipts - Anchor Shops rental income - Anchor Shops rental deposits - Loews Facility Use/Usage Fee - Loews Ground Lease Receipts - Loew Hotel - exercise option (prepayment) - RDP Royal Palm Ground Lease Receipts - Interest income - Resort tax contributions - Bid deposits - hotels - Bid deposits - cinema - Loan from City - Line of credit from City - Cultural Campus - St. Moritz Hotel - refund/reimbursement - Reimbursements (GMCVB/RE taxes/Grants) - St. sales tax (receipt - income for pmt. to St) - Miami City Ballet environmental clean-up - Anchor Garage insurance reimbursement - Real Estate taxes refund - Miscellaneous	32,643,406 38,280,639 19,057 572,876 108,779,453 9,300 9,829,417 18,926 2,384,479 52,230 126,504 8,151,450 19,852,303 433,555 7,513,341 16,145,531 375,000 100,000 3,000,000 19,190,000 1,975,762 925,450 3,864,530 804,123 31,698 26,170 56,585 90,791	- - - - 127,949 130 55,521 - - 41,667 - - 46,260 158,473 - - - - - 12,836 - -	\$ 32,643,406 38,280,639 19,057 572,876 108,779,453 9,300 9,957,366 19,056 2,440,000 52,230 126,504 8,193,117 19,852,303 433,555 7,559,601 16,304,004 375,000 100,000 3,000,000 19,190,000 1,975,762 925,450 3,864,530 816,959 31,698 26,170 56,585 90,791
TOTAL REVENUE	275,252,576	442,836	\$ 275,695,412
EXPENDITURES			
<u>PROJECTS</u>			
African-American Hotel Convention Hotel Hotel Garage - Construction Movie Theater Project Lincoln Road Beachwalk Collins Park Cultural Center	(12,918,651) (61,516,007) (18,247,976) (182,200) (1,333,544) (2,903,091) (9,270,931)	- - - - - (279,136)	(12,918,651) (61,516,007) (18,247,976) (182,200) (1,333,544) (2,903,091) (9,550,067)

Redevelopment Agency - City Center/Historic Convention Village Summary of Cash Basis Transactions by Project Fiscal Years 1994 - 2005 (through October 31, 2004)

			Total
	Prior Years	FY 2005	Rev./Expend.
Bus Prop. Ctr.	(159)	-	(159)
Chamber of Commerce Relocation Study	(2,000)	-	(2,000)
Colony Theater	(5,042,633)	(1,231)	(5,043,864)
Cultural Campus	(36)	-	(36)
East/West Corridor	(88)	-	(88)
Electrowave	(3,161)	•	(3,161)
Garden Center	(93)	-	(93)
Guidelines	(12,450)	=	(12,450)
Old City Hall	(499)	-	(499)
17th Street Surface Lot	(251,563)	-	(251,563)
Streetscapes	(324,849)	-	(324,849)
6th Street Streetscape	(577)	-	(577)
Botanical Gardens	(30,302)	-	(30,302)
Transportation Mobility Study	(32,225)	-	(32,225)
Convention Center Storm Water Improve.	(37,322)	_	(37,322)
New World Symphony	(21,611)	. -	(21,611)
Washington Avenue Streetscape	(519,631)	(625,389)	(1,145,020)
Rotunda	(101,122)	-	(101,122)
R.O.W. Improvements	(35,068)	-	(35,068)
Flamingo (16 St. Corridor)	(4,721)	-	(4,721)
Bass Museum	(468,840)		(468,840)
Total Projects	(113,261,350)	(905,756)	(114,167,106)
<u>ADMINISTRATION</u>	(6,560,888)	(175)	(6,561,063)
DEBT SERVICE/LOAN REPAYMENT	(93,053,733)	_	(93,053,733)
			<u></u>
CITY OF MIAMI BEACH/LOAN REPAYMENT	(16,353,026)	-	(16,353,026)
ANCHOR GARAGE OPERATIONS	(6,271,585)	(20,800)	(6,292,385)
ANCHOR SHOPS OPERATIONS	(540,010)	(2,785)	(542,795)
COMMUNITY POLICING	(330,547)	(68,128)	(398,675)
TOTAL EXPENDITURES	(236,371,139)	(997,644)	\$ (237,368,783)
TOTAL EXILIBITIONED	(200,071,100)	(337,074)	Ψ (201,000,100)
ENDING CASH/INVSTMT. BALANCE	\$ 38,881,436	\$ 38,326,628	

Redevelopment Agency - City Center/Historic Convention Village Summary of Cash Basis Transactions by Expenditure Type Fiscal Years 1994 - 2005 (through October 31, 2004)

			_	Total
-	Prior Years	 FY 2005		Rev./Expend.
OPENING CASH/INVESTMENT BALANCE \$		\$ 38,881,436		
REVENUE				
- Tax increment - County	32,643,406		\$	32,643,406
- Tax increment - County	38,280,639	_	Ψ	38,280,639
- Tax increment (Interest) - County	19,057	_		19,057
- Tax increment - Children's Trust	572,876	_		572,876
- Bond proceeds	108,779,453	_		108,779,453
- Rental income	9,300	_		9,300
- Anchor Garage receipts	9,829,417	127,949		9,957,366
- Anchor Garage deposit card receipts	18,926	130		19,056
- Anchor Shops rental income	2,384,479	55,521		2,440,000
- Anchor Shops rental deposits	52,230	=		52,230
- Loews Facility Use/Usage Fee	126,504	-		126,504
- Loews Ground Lease Receipts	8,151,450	41,667		8,193,117
- Loew Hotel - exercise option (prepayment)	19,852,303	-		19,852,303
- RDP Royal Palm Ground Lease Receipts	433,555	-		433,555
- Interest income	7,513,341	46,260		7,559,601
- Resort tax contributions	16,145,531	158,473		16,304,004
- Bid deposits - hotels	375,000	-		375,000
- Bid deposits - cinema	100,000	-		100,000
- Loan from City	3,000,000	-		3,000,000
- Line of credit from City	19,190,000	-		19,190,000
- Cultural Campus	1,975,762	-		1,975,762
- St. Moritz Hotel - refund/reimbursement	925,450	-		925,450
- Reimbursements (GMCVB/RE taxes/Grants)	3,864,530	-		3,864,530
- St. sales tax (receipt - income for pmt. to St)	804,123	12,836		816,959
 Miami City Ballet environmental clean-up 	31,698	-		31,698
 Anchor Garage insurance reimbursement 	26,170	-		26,170
 Real estate taxes refund 	56,585	-		56,585
- Miscellaneous _	90,791	 •		90,791
TOTAL REVENUE	275,252,576	 442,836	\$	275,695,412
EXPENDITURES				
Administrative fees	(31,684)	-		(31,684)
Appraisal fees	(125,368)	=		(125,368)
Bid refund	(230,000)	-		(230,000)
Board up	(60,758)	-		(60,758)
Bond costs	(211,440)	-		(211,440)
Building permit fees	(173,269)	(070.400)		(173,269)
Construction	(48,196,238)	(279,136)		(48,475,374)
Delivery	(2,995)	-		(2,995)
Demolition Electric service	(203,195) (1,976)	-		(203,195) (1,976)
Environmental	(354,908)	- -		(354,908)
Equipment rental	(55,496)	<u>-</u>		(55,496)
Equipment rental	(55,730)	-		(00,700)

Redevelopment Agency - City Center/Historic Convention Village Summary of Cash Basis Transactions by Expenditure Type Fiscal Years 1994 - 2005 (through October 31, 2004)

				Total
	Prior Years	FY 2005		Rev./Expend.
Hotel negotiation consultant	(849,243)	-		(849,243)
Hotel selection/study	(263,357)	-		(263,357)
Land acquisition	(41,240,564)	-		(41,240,564)
Legal fees/costs	(2,720,324)	-		(2,720,324)
Lighting	(53,280)	-		(53,280)
Lot clearing	(34,771)	-		(34,771)
Maintenance	(245,288)	-		(245,288)
Miscellaneous	(444,949)	-		(444,949)
Owner's representative fee & expenses	(1,823,466)	-		(1,823,466)
Postage, printing & mailing	(27,855)	-		(27,855)
Professional services	(3,619,957)	-		(3,619,957)
Public notice/advertisement	(26,472)	-		(26,472)
Refund of deposits	(185,000)	-		(185,000)
Reimburse closing costs to C.M.B.	(3,000,000)	-		(3,000,000)
Reimbursements	(78,041)	-		(78,041)
Relocation	(131,784)	-		(131,784)
Revitalization	(864,469)	**		(864,469)
Security guard service	(277,825)	-		(277,825)
Streetscape	(401,312)	-		(401,312)
Temporary staffing	(63,217)	-		(63,217)
Title insurance	(25,271)	-		(25,271)
Traffic parking study	(8,600)	-		(8,600)
Training, conferences & meetings	(3,268)	-		(3,268)
Travel & related expenses	(28,730)	-		(28,730)
Utilities	(328,706)	-		(328,706)
Water/Sewer (impact fees)	(25,240)			(25,240)
Total	(106,418,316)	(279,136)	_	(106,697,452)
Microllonoova Duoicata	(C 042 024)	(626 620)		(7.460.654)
- Miscellaneous Projects	(6,843,034)	(626,620)		(7,469,654)
Total Projects	(113,261,350)	(905,756)		(114,167,106)
<u>ADMINISTRATION</u>	(6,560,888)	(175)		(6,561,063)
DEBT SERVICE/LOAN REPAYMENT	(93,053,733)	-		(93,053,733)
CITY OF MIAMI BEACH/LOAN REPAYMENT	(16,353,026)	-		(16,353,026)
ANCHOR GARAGE OPERATIONS	(6,271,585)	(20,800)		(6,292,385)
ANCHOR SHOPS OPERATIONS	(540,010)	(2,785)		(542,795)
COMMUNITY POLICING	(330,547)	(68,128)	_	(398,675)
TOTAL EVDENDITURES	(026 074 420)	(007.644)	•	(227 260 702)
TOTAL EXPENDITURES	(236,371,139)	(997,644)	\$	(237,368,783)
ENDING CASH/INVSTMT. BALANCE	\$ 38,881,436	\$ 38,326,628		

CHECK & WIRE TRANSFER REGISTER

SORTED BY

PROJECT & TYPE OF EXPENDITURE

FOR THE MONTH ENDED OCTOBER 31, 2004

Redevelopment Agency - City Center District Check & Wire Transfer Register by Project & Type of Expense Fiscal Year 2005 (through October 31, 2004)

Check #	Date	Payee	Amount	Type of Expense	Project or N/A
4383	10/19/04	***Void***	0.00		Administration
4384	10/19/04	Department of Community Affairs	175.00 175.00	Miscellaneous (fee)	Administration
		TOTAL ADMINISTRATION	175.00		
4385 4389 4390 4393 4395	10/22/04 10/25/04 10/25/04 10/25/04 10/28/04	Paul Acosta J.C. White Office Furniture Miami Beach RDA - City Center Software House Intl City of Miami Beach	248.40 7,073.54 58,581.00 804.78 1,420.35 68,128.07	Reimb Travel Exp Office Furniture Reimb CCHC - 3 Crown Victorias Computer Software Reimb CMB - Visa Charges	Community Policing Community Policing Community Policing Community Policing Community Policing
4387	10/25/04	City of Miami Beach	2,359.28 2,359.28	Property Management Work	Anchor Garage Operations
4392	10/25/04	Christopher Sugrue	10.00 10.00	Return Parking Access Card Deposit	Anchor Garage Operations
4397	10/29/04	Royce Parking Control System, Inc.	6,026.46 6,026.46	Equipment Replacement	Anchor Garage Operations
4388	10/25/04	FPL	3,990.48 3,990.48	Electricity	Anchor Garage Operations
Wire	10/19/04	Florida Department of Revenue	8,414.19 8,414.19	Sales Tax	Anchor Garage Operations
		TOTAL ANCHOR GARAGE OPER.	20,800.41		
Wire	10/19/04	Florida Department of Revenue	2,784.89 2,784.89	Sales Tax	Anchor Shops Oper.
		TOTAL ANCHOR SHOPS OPER.	2,784.89		
4394 4396	10/27/04 10/28/04	The Tower Group URS Corporation	250,948.15 28,187.54 279,135.69	Construction Work-Library Construction Work-Library	Collins Park Cultural Center Collins Park Cultural Center
		TOTAL COLLINS PARK CULTURAL CENTER	R 279,135.69		
4391	10/25/04	R.J. Heisenbottle Architects	1,230.50 1,230.50	Professional Services	Colony Theater Restoration
		TOTAL COLONY THEATER RESTORATION	1,230.50		
4386	10/22/04	Ric-Man International, Inc.	625,389.05 625,389.05	ROW Infrastructure Improvements	Washington Ave. Streetscape
		TOTAL WASHINGTON AVE. STREETSCAP	E 625,389.05		
		REPORT TOTAL	\$ 997,643.61		

ATTACHMENT "A" SUMMARY OF MAJOR PROJECTS

REDEVELOPMENT PROJECTS (Planned and/or Underway)

City Center Projects:

Project

Status - as of 12/01/04

Beachwalk Project

An at-grade, landscaped pedestrian beachwalk, connecting 21st Street to Lummus Park, designed and engineered by Coastal Systems International. The Project was permitted by the State of Florida in March, 1998. The Project was contested by a property owner and was stalled for almost 5 years in court. In November, 2001, the City received a Partial Notice to Proceed from the State of Florida as a result of a favorable finding for City by the courts. The full permit was issued in April 2002. Plans and bid specifications for the Beachwalk as well as the street-end improvements for 17th and 18th Street street-ends, which are part of the Beachwalk, have been updated and completed by the Architect. The Project was put out to bid during the last week of August 2002. Proposals were received during the last week of October. On November 13, 2002, the RDA awarded a contract to R. L. Saum Construction Co. to proceed with the project and appropriated \$3.7 million. Construction began during mid-March 2003 and is being phased as to mitigate adverse impact to area hotels and businesses fronting the beach. The project is anticipated to be substantially complete in mid-December 2004.

Total Project Cost: \$4.5 Million

Total CRA participation: \$4.5 Million - Construction

17th & 18th Street-end Project

The current layout of the 17th and 18th Street street-ends poses severe limitations for traffic circulation and parking, especially as it relates to the operations of the Delano and Ritz Plaza Hotels. Coastal Systems contract for the design of the Beachwalk was amended to include the development of conceptual plans and cost estimates for the extension of 17th and 18th Streets, seaward to the ECL. Plans call for extending and reconstructing both street-ends to match the The street-end cul-de-sacs will Boardwalk motif. relocated approximately 50 to 70 feet east, respectively, to enhance the conditions of the streets and improve the streetend layout. Extension and reconstruction of the two streetends will involve demolition and reconstruction of the public right-of-way with new curbing, paver block side-walks, asphalt pavement, striping and signage. Construction Drawings and specifications have been updated to reflect FDOT improvements and tie-ins on Collins Avenue. The Street-end Project was bid as part of the Beachwalk Project and commenced with 17th Street in August, 2004. Due to certain event-related conflicts involving area hotels, 18th Street will be delayed until Spring/Summer 2005.

Total Project Cost (est): \$750,000

Total CRA participation: \$750,000 - Construction

Project

Collins Park Cultural Center

Implementation of a Master Plan calling for the development of a new regional library, streetscape and park improvements to link cultural activities in the area, including the Bass Museum and the Miami City Ballet. Land acquisition through eminent domain was completed in January 2002 and construction documents for the remaining portions of the Cultural Campus as identified in the Master Plan have been On April 10, 2002, the City awarded the completed. construction contract for the Library to the Tower Group. Construction began in May 2002 and achieved substantial completion in October, 2004. The full Certificate of Occupancy was issued on November 8, 2004, and turnover of the facility to the County is scheduled for December 6, 2004. Negotiations with Stern Architects failed to reach an agreement for the design of Collins Park. As such, the scope of work for the Park was included in the Request for Qualifications for the Rotunda, which is part of the old library that will be preserved and converted into a public venue for performing arts and public functions. An RFQ process has resulted in the selection MC Harry & Associates to undertake the design process. Contract negotiations were finalized and award of A/E Agreement was approved on July 28, 2004. The A/E Agreement has been executed by all parties. On October 14, 2004 MC Harry was issued an Interim Notice to Proceed on the Task 1 Planning Services. Under this Interim NTP, MC Harry may begin work on the project, the formal NTP is being prepared for issuance. The Project Kick-off Meeting was held on November 5, 2004, with Project Site Reconnaissance Visit scheduled for November 2004.

Total Project Cost: \$18.4 Million – includes land acquisition, completed and proposed streetscape, park and surrounding infrastructure improvements.

Total CRA participation: \$15.3 Million.

Colony Theater Project

The City has engaged the State of Florida's Department of Management Services to manage the restoration and renovation of the Colony Theater. Preliminary plans called for the removal of the rear 45 feet of existing building, construction of a new stage house, small second and third floor service areas behind the stage, a fourth floor "Backstage" area, elevator, stairs, and the addition of a new vestibule and exterior access ramp to provide ADA access to the stage. The historic preservation scope involves removing the existing marquee and storefront on Lincoln Road and restoring it to its original historic appearance and modifying the interior lobby, office and concession area to be more consistent with the building's original design. Construction drawings were completed on April 29, 2002. Due to delays with structural reviews and permitting, the Project start-up was delayed by approximately 6 months, beginning in late November, 2002, and is anticipated to be substantially complete by mid to late 2005. To date, demolition of the main stage house, as well as, non-historic portions of the lobby are completed.

Status - as of 12/01/04

Project

Colony Theater Project, continued

Vertical construction on the site of the new stage house is at approximately 95% complete. On March 17, 2004, the RDA had to appropriate an additional \$1.6 Million towards the project to compensate for the loss of \$500,000 in State grant funds and to address certain unforeseen project costs, which is not untypical of historic renovation projects. The project is currently experiencing delays due to a crumbling parapet on the existing roof. The project as a whole is approximately 80% complete. The construction of the project is behind schedule, therefore in August 2004, the City placed a full time inspector on site to monitor the work of the contractor and to ensure that the project moves ahead in a timely manner.

Total Project Cost: \$6.3 Million

Total CRA participation: \$4.5 Million – Construction

New World Symphony

The Administration has successfully negotiated a Lease and Development Agreement with the New World Symphony (NWS) regarding its proposed lease of a portion of the 17th Street Surface Parking Lot to accommodate its Sound Space design concept (the Project). As envisioned, the proposed 50,000 square foot facility will provide state-of-the-art communication and media capabilities with performance, classroom, rehearsal and broadcast space. In addition to providing a world-renowned, state-of-the-art facility, another focal point for the community, and the basis for considering the facility's location on this site, is that it will incorporate giant video screen(s) on one or more facades of the building, allowing the public to view live and recorded broadcasts from around the world. The Master Plan contemplates situating the facility on the west surface lot, just to the north of the exiting NWS Theater on Lincoln Road. On July 30, 2003, the Development Agreement between the City of Miami Beach and the New World Symphony, following a duly noticed public hearing, was approved on first reading. A second and final reading of the Development Agreement was held on September 10, 2003, together with a Resolution approving a Lease Agreement, following a separate public hearing. The NWS engaged world-renowned Architect, Frank Gehry to spearhead the design of the project. Conceptual design alternatives for the proposed project have been submitted for review by the City Manager were subsequently reviewed by the Planning Board on May 25, 2004. On September 8, 2004, the City Commission endorsed one of three concept plan proposals, placing the facility on the west surface lot, with the main entrance/drop off located on Drexel Avenue and the garage facing Pennsylvania Avenue. The proposal calls for creative realignment of Drexel Avenue that allows it to stay open to traffic.

ProjectNew World Symphony, continured

Pursuant to the direction of the City Commission on September 8, 2004 and consistent with the Planning Board's August 24, 2004 recommendation that the entire two (2) blocks, including the Park, be designed as an integrated site, Gehry Partners LLP was asked to submit a proposal and cost estimate to undertake design services for the proposed Park. The proposal was submitted for review by the Finance and Citywide Projects Committee at its meeting on October 26, 2004.

The Committee recommended in favor of amending the Development Agreement between the City and NWS to expand the NWS' scope to include the design and development of the Zone 1, comprising the park, Drexel Avenue between North Lincoln Lane and 17th Street and improvements adjacent to the new garage, at the Owner's cost and expense, not to exceed \$10,000,000; Zone 2, comprising the Theater of the Performing Arts entry landscaping at the Owner's cost and expense, not to exceed \$1,150,000; and Zone 3, comprising North Lincoln Lane improvements, at the Owner's cost and expense, not to exceed \$500,000.

Separately, but related to the implementation of the 17th Street Master Plan and the realization of NWS' plans, proposals have been received in response to an RFQ for architectural and planning services for the programming and design of the City Hall Expansion Lot parking facility. On February 4, 2004, the City Commission authorized negations to proceed with the firm of Perkins and Will. A Contract is expected to be executed by the end of October, 2004

Total Project Cost: Soundspace - Min. \$40 million; Parking component - \$5 million; Park component - \$10 million **Total CRA participation**: TBD

<u>City Center Right-of-Way Improvement</u> <u>Project</u>

The City Center Right of Way (ROW) Infrastructure Improvement Project is a \$19 million infrastructure project which includes the restoration and enhancement of right-ofways/streetscapes throughout City Center, including roadway, sidewalk, curb and gutter, landscape, streetscape irrigation, lighting, potable water, and storm drainage infrastructure as needed. Proposals were received in response to an RFQ for architectural and engineering services for the planning and design of the project. The selection process resulted in a contract award to Chen and Associates by the City Commission on September 8, 2004. The contract agreement with Chen and Associates is being finalized and a Project kick-off meeting scheduled for November, 2004. The estimated budget for the project is \$21.1 Million, comprising \$2.1 Million in soft costs and \$19 Million in hard construction costs.

Total Project Costs: \$21.1 Million
Total CRA participation: \$21.1 Million

Project

Botanical Garden Improvements

The Miami Beach Garden Conservancy has initiated efforts to achieve accreditation of the Botanical Garden through the American Association of Museums. To this end, the Conservancy has been working with the City of Miami Beach and the RDA to define the scope of capital improvements required to achieve this goal. The City identified approximately \$1.5 Million from Series 2000 General Obligation Bonds to undertake the improvements, In July, 2003, following an RFQ selection process, EDAW was selected to undertake the planning and design of the improvements. A first design workshop was held in May 2004 and a second was held on September 21, 2004. A final design workshop will be held before the end of the year, and a final Concept Plan is expected in January 2005.

Total Project Cost: \$1.5 million **Total CRA participation:** None - TBD

CITY OF MIAMI BEACH MIAMI BEACH REDEVELOPMENT AGENCY ITEM SUMMARY



Condensed Title:

A Resolution approving a settlement, providing for the early termination of the Lease Agreement between the Miami Beach Redevelopment Agency (RDA) as Landlord and Adolfo Dominguez U.S.A. Inc., as Tenant, dated September 13, 2000, Suites 1, 2, 3 and 4 in the Anchor Shops, located at 100 16th Street, Miami Beach, Florida; approval of the aforestated Settlement subject to and conditioned upon Tenant's execution and satisfaction of the terms and conditions set forth in the Letter Agreement, dated December 8, 2004, between the RDA and the Tenant; and further authorizing the Chairman and Secretary to execute a new retail lease agreement with the replacement tenant, Cuts Fitness for Men, LLC, for the above described retail premises.

Issue:

Shall the RDA authorize execution of the Letter Agreement between the Redevelopment Agency and Adolfo Dominguez USA, Inc., as well as authorize execution of a new lease agreement with Cuts Fitness for Men, LLC, subject to satisfaction of the terms set forth in the aforestated Letter Agreement?

Item Summary/Recommendation:

Since opening on September 13, 2004, Anchor Shops Tenant, Adolfo Dominguez USA, Inc., has a difficult time in achieving its sales expectations and has requested for early termination of its Lease. In accordance with the Lease Agreement, the Tenant was advised it had two choices - to procure an acceptable replacement tenant for the remaining term of the Lease Agreement, or remit the balance of rent due plus annual CPI increases for the remaining 6-year term of the Lease. The Tenant opted to attempt finding a replacement tenant for the space. On November 15, the Tenant informed us that it had located a potential tenant, Cuts Fitness for Men, L.L.C (Cuts Fitness). Subsequent to a review of the Company's references and financial statements, the Administration has proceeded to negotiate a new lease agreement for the Premises. Execution of the new proposed lease is subject to and conditioned upon the execution of the attached proposed Letter Agreement between the RDA and Adolfo Dominguez, which specifies the terms and conditions by which the RDA shall consent to the termination of the Tenant's lease agreement as follows:

To the extent that the RDA is successful in negotiating and executing a new retail lease agreement with Cuts Fitness by January 31, 2005, Adolfo Dominguez shall:

- 1. Pay brokerage fees to Cushman & Wakefield in connection with the Cuts Fitness Retail Lease, equivalent to six percent (6%) of the aggregate gross rental for the initial lease term of five (5) years, in the amount of \$25,618.50.
- 2. Pay brokerage fees to Virtual Realty USA, Inc., in connection with the Cuts Fitness Retail Lease, in the amount of \$5,000.00
- 3. Pay to the RDA the sum of \$13,662.44, equivalent to two (2) months of minimum monthly rent plus sales tax, to cover the rent abatement period requested by Cuts Fitness, starting on January 1, 2005 and ending on February 28, 2005.
- Execute a Limited Guaranty and Suretyship Agreement (Guaranty), guaranteeing payment of one (1) year's rent plus sales
 tax, in the amount of \$81,975.91, in the event that Cuts Fitness defaults on its lease during its first year of operation in the
 Premises.

In the alternative, if the RDA is not successful in executing a new lease with Cuts Fitness by January 31, 2005, Adolfo Dominguez shall pay one (1) year's rent plus State sales tax in the amount of <u>\$81,975.91</u>, plus brokerage fees in the amount of <u>\$25,618.50</u>, representing an amount equal to 6% of the minimum rent for the first five years of a new lease or sublease, estimated on the basis of the Tenant's current minimum annualized rent payments. It should be noted, that the one (1) year's rent will be based on the Tenant's current discounted rent plus the 3% increase set to go into effect on December 1, 2004, plus applicable State sales tax.

Advisory Board Recommendation:

N/A

Financial Information:

Source of	Funds:	Amount	Account	Approved
		1		
		2		
		3		
		4		
Fina	nce Dept.	Total		

City Clerk's Office Legislative Tracking:

Christina M. Cuervo/Kent O. Bonde

Sign-Offs:			
Department Director	Assistant City Manager	City Manager	
	0 (
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AGENDA ITEM 3A

CITY OF MIAMI BEACH

CITY HALL 1700 CONVENTION CENTER DRIVE MIAMI BEACH, FLORIDA 33139 www.ci.miamibeachfl.gov



Date: December 8, 2004

MIAMI BEACH REDEVELOPMENT AGENCY MEMORANDUM

To:

Chairman and Members of the Board of the

Miami Beach Redevelopment Agency

From:

Jorge M. Gonzalez

Executive Director

Subject:

A RESOLUTION OF THE CHAIRMAN AND MEMBERS OF THE MIAMI BEACH REDEVELOPMENT AGENCY APPROVING A SETTLEMENT

PROVIDING FOR THE EARLY TERMINATION OF THE RETAIL LEASE AGREEMENT BETWEEN THE MIAMI BEACH REDEVELOPMENT AGENCY (RDA), AS LANDLORD, AND ADOLFO DOMINGUEZ U.S.A., INC., AS TENANT, DATED DECEMBER 8, 2004, FOR SUITES 1, 2, 3 AND 4 IN THE ANCHOR SHOPS, LOCATED AT 100 16TH STREET, MIAMI BEACH, FLORIDA; APPROVAL OF THE AFORESTATED SETTLEMENT SUBJECT TO AND CONDITIONED UPON TENANT'S EXECUTION AND SATISFACTION OF THE TERMS AND CONDITIONS SET FORTH IN THE LETTER AGREEMENT, DATED DECEMBER 8, 2004, BETWEEN THE RDA AND THE TENANT; FURTHER AUTHORIZING THE CHAIRMAN AND SECRETARY TO EXECUTE A NEW RETAIL LEASE AGREEMENT WITH

THE REPLACEMENT TENANT, CUTS FITNESS FOR MEN, LLC, FOR THE

ABOVE DESCRIBED RETAIL PREMISES.

RECOMMENDATION:

Adopt the Resolution.

ANALYSIS:

Adolfo Dominguez USA, Inc., has been a tenant at the Anchor Shops since September 13, 2000, executing a lease agreement for 2,884 square feet along 16th Street, for a term of 10 years at an annual rate of \$86,520 (\$30/sq.ft). Adolfo Dominguez (Tenant) is a Spanish clothing designer, operated under Adolfo Dominguez, S.A., a publicly traded company, with over 142 stores throughout Europe, Asia and South America. The Anchor Shops location is the Company's first retail store in the United States for women's, men's and youth apparel. Since officially opening its doors in September, 2001, the Tenant has a difficult time in achieving its sales expectations, laying fault on a number of factors, including its location along 16th Street, the lack of pedestrian traffic, the homeless problem and crime. Both Miami Beach Community Development Corporation (MBCDC/Property Manager) and RDA staff have worked tirelessly to mitigate some of the Tenant's concerns and to assist in creating venues to market the Anchor Shops, including but not limited to, extensive media advertising in local and national publications, the creation of a website and spearheading the creation of a merchant's association to fund future publicity efforts. Furthermore, in February, 2002, the RDA, as a gesture of goodwill, reduced the Tenant's rent by 25% to address a number of prevailing adverse conditions, including the lingering effects of 9/11

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Redevelopment Agency Memorandum
Anchor Shops – Adolfo Dominguez Early Lease Termination Agreement
Page 2 of 4

and a series of streetscape improvements along 16th Street that resulted in unannounced street closures and further loss of pedestrian traffic. The discounted rent which was also extended to Art Connection Swiss Design, was only to last for eight months. With the approval of the RDA, it currently remains in effect. Despite these initiatives, the Tenant continues not to realize profitable sales revenues and is seeking early termination of the Lease Agreement.

On July 27, 2004, a meeting was held with Susana Varsky of Adolfo Dominguez, to discuss possible exit strategies. In accordance with Section 8.1 of the Lease Agreement, the Tenant was advised that its obligations to the RDA (Landlord) shall remain in full force and effect until an acceptable tenant is identified and approved by the Landlord. As such, it would be the Tenant's obligation to either procure an acceptable sublease for the remaining term of the Lease Agreement, (as has been done in the past by two other tenants at the Anchor Shops), or the Tenant could remit the balance of rent due plus annual CPI increases for the remaining 6-year term of the Lease, which at the time of the meeting, was estimated at approximately \$505,127. The Tenant opted to attempt finding a suitable sublease for the space.

On November 15, the Tenant informed us that it had located a potential replacement tenant, Cuts Fitness for Men, L.L.C (Cuts Fitness). Ranked as the fastest growing men's fitness franchise in the United States, the New Jersey based company is interested in leasing the Premises to showcase its patented circuit training program and equipment for the purpose introducing new franchise opportunities in the South Florida market.

It should be noted that based on discussions with the RDA's Leasing Broker, Felenstein, Koniver Stern (FKS), 16th Street, between Collins and Washington Avenues, is not particularly conducive for retailers such as Adolfo Dominguez, that instead require the synergy of a shopping mall environment and heavy pedestrian activity to survive. The street is more conducive to service-oriented businesses such as Cuts Fitness.

Subsequent to a review of Cuts Fitness' references and financial statements, the Administration has proceeded to negotiate a new lease agreement for the Premises (the Proposed Lease). The Proposed Lease shall be for an initial term of five (5) years, with two (2) five (5) year renewal options, starting at a minimum annual rent of \$76,613.00, or a rate of approximately \$27/sq.ft., to be adjusted yearly by the greater of 3 percent (3%) or by CPI multiplier. All costs associated with the tenant improvements to the premises and other connections and services are the responsibility of the Tenant. The Tenant will also be required to execute an unconditional completion warranty for the retail space improvements. The Rent Commencement date starts two months (60 days) after the lease commencement date, to allow for the design, permitting and build-out of the interior improvements. A one-month security deposit and one-month prepaid rent are requirements of the Proposed Lease.

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Anchor Shops – Adolfo Dominguez Early Lease Termination Agreement
Page 3 of 4

Execution of the Proposed Lease is subject to and conditioned upon the execution of the attached proposed Letter Agreement between the RDA and Adolfo Dominguez, which specifies the terms and conditions by which the RDA shall consent to the termination of the Tenant's lease agreement. According to the RDA's Leasing Broker, Felenstein, Koniver Stern (FKS), the RDA's Leasing Broker, the terms are acceptable by industry standards.

The Letter Agreement provides for the following:

To the extent that the RDA is successful in negotiating and executing a new retail lease agreement with Cuts Fitness by January 31, 2005, Adolfo Dominguez shall:

- 1. Pay brokerage fees to Cushman & Wakefield in connection with the Cuts Fitness Retail Lease, equivalent to six percent (6%) of the aggregate gross rental for the initial lease term of five (5) years, in the amount of \$25,618.50.
- 2. Pay brokerage fees to Virtual Realty USA, Inc., in connection with the Cuts Fitness Retail Lease, in the amount of \$5,000.00.
- 3. Pay to the RDA the sum of \$13,662.44, equivalent to two (2) months of minimum monthly rent plus sales tax, to cover the rent abatement period requested by Cuts Fitness, starting on January 1, 2005 and ending on February 28, 2005.
- 4. Execute a Limited Guaranty and Suretyship Agreement (Guaranty), guaranteeing payment of one (1) year's rent plus sales tax, in the amount of \$81,975.91, in the event that Cuts Fitness defaults on its lease during its first year of operation in the Premises.

In the alternative, if the RDA is not successful in executing a new lease with Cuts Fitness by January 31, 2005, Adolfo Dominguez shall pay one (1) year's rent plus State sales tax in the amount of \$81,975.91, plus brokerage fees in the amount of \$25,618.50, representing an amount equal to 6% of the minimum rent for the first five years of a new lease or sublease, estimated on the basis of the Tenant's current minimum annualized rent payments. It should be noted, that the one (1) year's rent will be based on the Tenant's current discounted rent plus the 3% increase set to go into effect on December 1, 2004, plus applicable State sales tax.

As in the case of certain other leases at the Anchor Shops, the Proposed Lease was delivered by outside brokers. Cushman & Wakefield of Florida, Inc., the Broker representing Cuts Fitness, is charging a commission of six percent (6%) of the aggregate gross rental for the initial lease term, for a total of \$25,618.50. Virtual Reality, Inc., the firm engaged by Adolfo Dominguez to locate a new sublease for the space, is charging a flat fee of \$5,000.00 for its services. Pursuant to the aforementioned Letter Agreement, Adolfo Dominguez shall pay these fees directly to the respective firms, upon execution of the Proposed Lease with Cuts Fitness.

The Administration recommends approving the settlement terms and conditions set forth in the attached proposed Letter Agreement, providing for early termination of the Retail Lease Agreement with Adolfo Dominguez and approving the Proposed Retail Lease December 8,, 2004
Redevelopment Agency Memorandum
Anchor Shops – Adolfo Dominguez Early Lease Termination Agreement
Page 4 of 4

Agreement with the replacement tenant, Cuts Fitness for Men, LLC, subject to satisfaction of the terms and conditions set forth in the aforementioned Letter Agreement .

JMG/CMC/KOB T:\agenda\2004\DEC08\RDA\ad.MEM.DOC

Enclosures: Proposed Letter Agreement – between RDA and Adolfo Dominguez

Guaranty and Suretyship Agreement – by Adolfo Dominguez

Proposed Lease Term Summary - between RDA and Cuts Fitness for Men, LLC

Unconditional Completion Guaranty - by Cuts Fitness for Men, LLC

MIAMI BEACHREDEVELOPMENT AGENCY

1700 Convention Center Drive, Miami Beach, Fl. 33139 http:\\ci.miami-beach.fl.us



Telephone (305) 573-7193 Facsimile (305) 673-7772

December 8, 2004

Ms. Susana Varsky Adolfo Dominguez USA, Inc. 100 16th Street, Suite #1-4 Miami Beach, FL. 33139

RE: Anchor Shops at South Beach Retail Lease, dated September 13, 2004, by and between the Miami Beach Redevelopment Agency (Landlord) and Adolfo Dominguez USA, Inc. (Tenant) for the Premises located at 100 16th Street, Suite #1-4, Miami Beach, Florida 33139

Dear Mr. Trebolle:

Pursuant to our meeting on October 7, 2004, this Letter Agreement shall memorialize the understanding between the Miami Beach Redevelopment Agency (RDA or Landlord) and Adolfo Dominguez USA, Inc. (Tenant), for early termination of the above referenced Retail Lease Agreement.

To the extent that the Landlord is successful in executing a new retail lease agreement with Cuts Fitness for Men, LLC (Cuts Fitness) by January 31, 2005, for the Premises currently occupied by the Tenant, the Tenant shall, concurrent with execution of said retail lease agreement:

- 1. remit brokerage fees to Cushman & Wakefield in connection with the Cuts Fitness Retail Lease, equivalent to six percent (6%) of the aggregate gross rental for the initial lease term of five (5) years, in the amount of \$25,618.50;
- 2. remit Brokerage fees to Virtual Realty USA, Inc., in connection with the Cuts Fitness Retail Lease, in the amount of \$5,000.00;
- 3. remit to the RDA, the sum of \$13,662.44, equivalent to two (2) months of minimum monthly rent plus sales tax, to cover the rent abatement period requested by Cuts Fitness, starting on January 1, 2005 and ending on February 28, 2005; and
- 4. Execute a Limited Guaranty and Suretyship Agreement (Guaranty), guaranteeing payment of one (1) year's rent plus sales tax, in the amount of <u>\$81,975.91</u>, in the event that Cuts Fitness defaults on its lease during its first year of operation in the Premises.

In the alternative, if the Landlord is not successful in executing a new lease with Cuts Fitness by January 31, 2005, the Tenant shall pay one (1) year's rent plus State sales tax, in the amount of \$81,975.91, plus brokerage fees in the amount of \$25,618.50, (representing an amount equal to 6% of the Minimum Rent for the first five years of a new retail lease or sublease, estimated on the basis of Tenant's current minimum annualized rent payments). It should be noted, that the one (1) year's rent will be based on Tenant's current discounted rent plus the 3% increase set to go into effect on December 1, 2004.

Upon Tenant's full and faithful performance of the conditions set forth in this Letter Agreement, including payment in full by Tenant of the amounts due to Landlord, herein as well as any outstanding Rent due at the time of execution of this Letter Agreement, Landlord shall voluntarily terminate the above referenced Retail Lease Agreement and shall release Tenant from any further obligation thereunder, except for any terms and conditions of said Lease which, by their express terms, are intended and survive termination.

An action to enforce the terms and conditions of this Letter Agreement may be brought by the Landlord and may be an action at law or in equity against any party or person attempting to violate any provision of said Letter Agreement, either to restrain violations or to recover damages. This Letter Agreement shall be enforceable in Miami-Dade County, Florida and if legal action is necessary by any party with respect to the enforcement of any and all terms and conditions therein, exclusive venue for the enforcement of same shall lie in Miami-Dade County, Florida.

If the aforestated terms and conditions of this Letter Agreement meet with Adolfo Dominguez USA, Inc.'s approval, please have the duly authorized representatives of Adolfo Dominguez USA, Inc. acknowledge, execute and attest to same in the spaces provided below. Upon execution by the Miami Beach Redevelopment Agency, we will forward a fully executed copy to your attention for your records.

Sincerely,

Christina M. Cuervo Assistant Director

CMC:kob

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c: Jorge M. Gonzalez, Executive Director
Raul J. Aguila, First Assistant City Attorney
Kent O. Bonde, Redevelopment Coordinator
Roberto Datorre, President, Miami Beach Development Corporation

I have read this letter Agreement and fully understand same, agree to be bound by the terms and conditions contained herein.

Adolfo Dominguez USA, Inc	Miami Beach Redevelopment Agency		
By: President	By: Signature		
Print Name/Title	Jorge M. Gonzalez, Executive Director		
Witnessed by:			
By: Signature			
Print Name	APPROVED AS TO FORM & LANGUAGE & FOR EXECUTION		
Witnessed by:	4		
By: Signature	Redevelopment Agency Date General Counsel		
Print Name			

LIMITED GUARANTY AND SURETYSHIP AGREEMENT

THIS LIMITED GUARANTY AND SURETYSHIP AGREEMENT (the "Limited Guaranty") is dated this ____ day of December, 2004 is made by Adolfo Dominguez, USA, Inc., a Florida limited partnership ("Guarantor"), for the benefit of MIAMI BEACH REDEVELOPMENT AGENCY, a body corporate and politic ("Landlord").

Background

Cuts Fitness for Men, LLC (Cuts Fitness) and Landlord intend to execute a new retail lease agreement by no later than January 31, 2005, pursuant to the terms of which Cuts Fitness agrees to lease a certain portion of real property and improvements located at 100 16th Street, Suite 1, 2, 3 and 4, Miami Beach, Florida, 33139, hereinafter referred to as the "Demised Premises".

Guarantor and Landlord are parties to that certain Retail Lease Agreement, dated, December _____, 2004, ("Guarantor's Lease"), pertaining to the Demised Premises. Guarantor and Landlord agree that the Guarantor's Lease shall be terminated pursuant to the terms and conditions of the Letter Agreement, dated December 8, 2004, attached and incorporated as Exhibit "A" hereto (the "Letter Agreement"), provided that (i) Tenant satisfies and complies with the terms of the Letter Agreement; (ii) Landlord and Cuts Fitness enter into the new retail lease agreement for the Demised Premises, and (iii) Guarantor executes this Limited Guaranty.

As a condition of entering into the new retail lease agreement with Cuts Fitness, Landlord is requiring that this Limited Guaranty be executed by the Guarantor. In exchange for termination of its Lease, Guarantor is willing to provide a limited guarantee and become a limited surety for certain monetary obligations of Cuts Fitness under the new Retail Lease Agreement all as more particularly set forth herein.

Agreement

NOW THEREFORE, in consideration of the above premises and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, the Guarantor hereby agrees as follows:

1. The Guarantor irrevocably, unconditionally, continuously and absolutely guarantees to Landlord and becomes surety for (a) the prompt payment of (i) Eighty-One Thousand Nine Hundred Seventy-Five Thousand Dollars and Ninety-One Cents (\$81,975.91), which is the amount of the first year of annual minimum rent (the "Rental Amount") due and payable by Cuts Fitness under the new Retail Lease Agreement, which Rental Amount may be reduced in accordance with the terms of this Limited Guaranty, hereinafter referred to as the "Guaranteed Obligation"). The obligation of Guarantor under this Limited Guaranty shall be unconditional, absolute, continuing and irrevocable, irrespective of the genuineness, validity, regularity or enforceability of the Lease Agreement or any security which may have been given therefor or in connection therewith or any other circumstances which might otherwise constitute

a legal or equitable discharge of a surety or guarantor. This Limited Guaranty and the obligations of the Guarantor hereunder shall not be affected, impaired, modified or released by reason of (a) the making by Cuts Fitness, any affiliate of Cuts Fitness or Guarantor of any assignment for the benefit of creditors or the bankruptcy or insolvency of Cuts Fitness, any affiliate of Cuts Fitness or Guarantor, (b) any action taken by Cuts Fitness, any affiliate of Cuts Fitness or Guarantor in any bankruptcy or insolvency proceeding, including, without limitation, disaffirmance of the Lease Agreement, (c) any default by Cuts Fitness under the Retail Lease Agreement, (d) the liquidation or dissolution of Cuts Fitness, any affiliate of Cuts Fitness or Guarantor, (e) the enforcement by the Landlord of any of its rights under the Retail Lease Agreement, or (f) the sale, conveyance, transfer or assignment by Cuts Fitness of all or any portion of its interest under the Retail Lease Agreement; it is being agreed that in the event of any of the foregoing, the liability of the Guarantor hereunder shall continue hereunder as if such event had not occurred.

- 2. This Limited Guaranty shall remain in full force and effect until the earlier of any of the following shall occur: (i) Cuts Fitness has paid to Landlord the Rental Amount, (ii) one (1) year from the date of this Guaranty has transpired, ending December 31, 2005 or (iii) Guarantor pays the current outstanding amount of the Guaranteed Obligation (as the same may have been reduced or discounted as provided herein). The Guarantor shall jointly and severally with Cuts Fitness be liable for all of the Guaranteed Obligation.
- 3. In connection with the Rental Amount herein guaranteed by the Guarantor, Guarantor shall receive a dollar for dollar credit for every rental payment made by Cuts Fitness under the Retail Lease Agreement. In other words, for each monthly rent payment, or any portion thereof, made by Cuts Fitness under the Retail Lease Agreement, the total amount of the Guaranteed Obligations shall be reduced by an amount equal to each payment made by Cuts Fitness.
- 4. If a default, as such term is defined in Section 9.1 of the Retail Lease Agreement, occurs under the Retail Lease Agreement and continues beyond applicable notice and grace periods set forth therein, the Guarantor shall pay to Landlord within ten (10) days following the receipt of written notice thereof from Landlord, such of the Guaranteed Obligation as is required to be paid hereunder as Landlord shall direct.
- 5. If a default occurs under the Retail Lease Agreement and continues beyond applicable notice and grace periods set forth therein, Landlord shall have the right to require the Guarantor to pay the Guaranteed Obligations and shall have the right subject to Paragraph 7 below, to proceed immediately against the Guarantor for such payment without being required to make any demand upon or bring any action or proceeding or take any other action of any kind against Cuts Fitness, any guarantor under any other guaranty, or any other person or entity in connection with the Retail Lease Agreement, or resort to or seek to realize upon the security, if any, held by Landlord, as a condition precedent to bringing an action upon this Limited Guaranty against the Guarantor, the liability of the Guarantor hereunder being a direct, primary obligation of the Guarantor and independent of and separate from the liability of Cuts Fitness. This Agreement shall be deemed an agreement of suretyship, and is a guaranty of payment and not of performance.

- 6. Upon an event of default by Cuts Fitness under the Retail Lease Agreement, Guarantor shall have the ability to mitigate all damages associated therewith, including the right to procure a new Cuts Fitness for the Demised Premises; provided, however, that Landlord shall have the right to reject any proposed new tenant, if in Landlord's reasonable business judgment, such proposed new tenant or its business is unsuitable for the Demised Premises.
- 7. At all times, Guarantor, at its option, upon ten (10) days prior written notice to Landlord, may prepay the Guaranteed Obligations. At the time of such prepayment, the Guaranteed Obligations shall be reduced by an amount equal to any credits against the Guaranteed Obligations that Guarantor is entitled to in accordance with paragraphs 3 and 4 above, and then discounted back to present value at the discount rate offered by the Federal Reserve Bank as published by the Wall Street Journal on the date of the giving of such prepayment notice.
- 8. Until the payment in full of the Guaranteed Obligation, the liability of the Guarantor under this Agreement shall in no way be released or affected (a) by any act or circumstance which might, but for this paragraph, be deemed a legal or equitable discharge of any guarantor or surety, or (b) by reason of any waiver, extension, modification, forbearance or delay or other act or omission of Landlord or its failure to proceed promptly or otherwise with respect to the Guaranteed Obligations or this Limited Guaranty, or (c) by the commencement, existence or completion of any proceeding against Cuts Fitness or otherwise related to the collection and enforcement of the Guaranteed Obligations. The Guarantor hereby expressly waives and surrenders any defenses to his liability hereunder based upon any of the foregoing acts, omissions, agreements or waivers of Landlord, it being the purpose and intent of the parties hereto that the obligations of Guarantor hereunder is absolute and unconditional.

9. The Guarantor represents and warrants that:

- (a) It has full power, authority and legal right to execute, deliver and comply with this Limited Guaranty and, upon the execution of this Limited Guaranty, this Limited Guaranty shall constitute the valid and legally binding obligations of Guarantor enforceable against Guarantor in accordance with its terms.
- (b) No consent, approval or other authorization of or by any court, administrative agency or other governmental authority is required in connection with his execution and delivery of or compliance with this Limited Guaranty.
- (c) The execution and delivery of and compliance with this Limited Guaranty will not conflict with or result in a breach of any applicable law, judgment, order, writ, injunction, decree, rule or regulation of any court, administrative agency or other governmental authority, or of any provision of any agreement or other document or instrument to which Guarantor is a party or by which Guarantor is bound, and such action by Guarantor will not result in the creation or imposition of any lien, charge or encumbrance upon any property of the Guarantor in favor of anyone other than Landlord.

- (d) There is no action, suit or proceeding pending or, to the knowledge of the Guarantor, threatened against or affecting the Guarantor before or by any court, administrative agency or other governmental authority, or which brings into question the validity of this Limited Guaranty or the transactions contemplated hereby.
- (e) The Guarantor has not applied for or consented to the appointment of a receiver, trustee or liquidator of itself or any of its property, admitted in writing its inability to pay its debts as they mature, made a general assignment for the benefit of creditors, been adjudicated a bankrupt or insolvent or filed a voluntary petition in bankruptcy, or a petition or an answer seeking reorganization or an arrangement with creditors or to take advantage of any bankruptcy, reorganization, insolvency, readjustment of debt, dissolution or liquidation law or statute, or an answer admitting the material allegations of a petition filed against him in any proceeding under any such law, and no action has been taken by it for the purpose of effecting any of the foregoing. No order, judgment or decree has been entered by any court of competent jurisdiction approving a petition seeking reorganization of the Guarantor or all or a substantial part of the assets of the Guarantor, or appointing a receiver, sequestrator, trustee or liquidator of him or any of his property.
- (f) The release of the Guarantor from its obligations under Guarantor's Lease pursuant to the Letter Agreement is and will be of direct interest, benefit and advantage to the Guarantor and constitutes good and valuable consideration for this Limited Guaranty.
- 10. In the event that for any reason one or more of the provisions of this Limited Guaranty or their application to any person or circumstance shall be held to be invalid, illegal or unenforceable by a court of competent jurisdiction in any respect or to any extent, such provisions shall nevertheless remain valid, legal and enforceable in any such other respects and to such extent as may be permissible. In addition, any such invalidity, illegality or unenforceability shall not affect any other provision hereof, but this Limited Guaranty shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein.
- 11. Any notice, demand or request hereunder shall be in writing and shall be deemed to have been sufficiently given for all purposes when personally presented or sent by certified or registered mail, return receipt requested, to be addressed as follows:

If to Guarantor:

Adolfo Dominguez USA, Inc.

Attn: Fernando Trebolle, Registered Agent

Corporate Legal Department,

Poligono Industrial San Cibrao das Vinas

Calle 4, Parcela 8, 32901, Ourense, Spain,

If to Landlord:

Miami Beach Redevelopment Agency

1700 Convention Center Drive Miami Beach, Florida 33139, Attention: Executive Director

or to such other address as any party hereto notifies the other of in writing. Such notice shall be deemed to be given when received if delivered personally or by reputable overnight courier or two (2) days after the date mailed if sent by certified or registered mail. Any notice of any change in such address shall also be given in the manner set forth above. Whenever the giving of notice is required, the giving of such notice may be waived in writing by the party entitled to receive such notice.

- 12. The falsity in any material respect of any representation or warranty of the Guarantor contained in this Limited Guaranty or the failure of the Guarantor to comply with any of the terms and provisions contained in this Limited Guaranty shall, at the option of Landlord, constitute an event of default under Guarantor's Lease.
- 13. This Limited Guaranty represents the entire agreement between the parties and no waiver or modification of this Limited Guaranty shall be effective unless in writing and signed by party to be charged thereby.
- 14. The use of any gender in this Limited Guaranty shall include all genders. This Limited Guaranty shall be binding upon the Guarantor, its successors and assigns, and shall inure to the benefit of Landlord, its successors and assigns.
- 15. This Limited Guaranty shall be construed in accordance with and governed in all respects by the laws of the State of Florida, and the sole venue for any suit or action brought under this Limited Guaranty shall be the federal or state court, as the case may be, situated in Miami-Dade County, Florida.
- 16. Landlord may avail itself of all remedies at law or in equity to remedy any default hereunder, including, but not limited to, enforcement of Guarantor's Lease.

IN WITNESS WHEREOF, the Guarantor has executed this Limited Guaranty as of the day and year first above written.

ATTEST:	ADOLFO DOMINGUEZ USA, Inc.
Ву:	By:
Secretary	By: President
Print Name	Print Name:
STATE OF FLORIDA)	
COUNTY OF DADE)	
The foregoing instrumed December, 2004. by	ent was acknowledged before me this day of They are personally known to driver's licenses as identification.
	Notary Public, State of Florida Print Name:
My commission expires:	
	APPROVED AS TO FORM & LANGUAGE & FOR EXECUTION
	11/ 1/ Dustlin 12-1-04

F:\DDHP\\$ALL\RDA\Anchor_Ret\Adolfo Dominguez\AD Ltd Gty3.doc

LANDLORD:	Miami Beach Redevelopment Agency, a public body corporate and politic 1700 Convention Center Drive
	Miami Beach, Florida 33139
TENANT:	Cuts Fitness For Men, LLC Corporate Headquarters 1120 Raritan Road Clark, New Jersey 07066
DATE OF EXECUTION:	, 2004
ANCH	HOR SHOPS AT SOUTH BEACH RETAIL LEASE

LEASE SUMMARY

The following is a summary of basic lease provisions with respect to the Lease. It is an integral part of the Lease, and terms defined or dollar amounts specified in this Summary shall have the meanings or amounts as stated, unless expanded upon in the text of the Lease and its Exhibits, which are attached to and made a part of this Summary.

1.	Date of Lease Execution:	, 2004.
2.	"Landlord":	Miami Beach Redevelopment Agency
3.	Landlord's Address:	Miami Beach Redevelopment Agency 1700 Convention Center Drive Miami Beach, Florida 33139 Attention: Ms. Christina Cuervo, Assistant Directo
		with a copy to:
		City of Miami Beach Miami Beach Redevelopment Agency 1700 Convention Center Drive Miami Beach, Florida 33139 Attention: Legal Department
4.	" <u>Tenant":</u>	Cuts Fitness For Men, LLC
5.	Tenant's Address:	Corporate Headquarters 1120 Raritan Road Clark, NJ 07066
6.	"Guarantor":	John Gennaro, President
7.	Guarantor's Address:	Cuts Fitness For Men, LLC Corporate Headquarters 1120 Raritan Road Clark, NJ 07066
8.	Premises (section 1.1):	100 16 th Street – Suite #1,2,3 and 4 Miami Beach, FL 33139 As shown on Exhibit "B"
9.	Gross Rentable Area of Premises (section 1.1):	Approximately 2,884 square feet.
10.	Gross Rentable Area of Retail Space (section 1.1):	Approximately 20,500 rentable square feet.
11.	Tenant's Proportionate Share (section 2.4):	N/A

12. <u>Permitted Use of</u> <u>Premises (section 3.1):</u>

Franchising, demonstration and operation of health fitness programs and equipment for men (and subject to the prohibited uses described in Exhibit "D" to the Lease).

13. Term of Lease (section 1.1):

Approximately five (5) years.

"Commencement Date": The date that Landlord delivers possession of the Premises to Tenant.

"Rent Commencement Date": The earlier of (i) the date Tenant opens for business or (ii) the Completion Date for Tenant's Work (I.e. sixty (60) days after the Commencement Date).

"ExpirationDate": Five (5) years after the "Rent Commencement" Date.

"Renewal Options": Two (2) options of five years each after the Expiration Date. Tenant must notify Landlord in writing, one hundred and eighty (180) days prior to Expiration Date of its intention of exercising the Renewal Options.

MONTHI V DAVMENT

14. "Minimum Rent" (section 2.2):

MONTHS	ANNUAL MINIMUM RENT	(PLUS SALES TAX)
Commencement Date - Rent Commencement Date	\$ 0.00	\$0.00
Rent Commencement Date - next succeeding twelve months *	\$76,613.00	\$6,384.42

* Beginning with the thirteenth (13th) month after the Rent Commencement Date, and thereafter at the beginning of each succeeding year during the Term of the Lease, the Minimum Rent shall be adjusted by the greater of three percent (3%) or multiplying the Minimum Rent then being paid by a fraction, the numerator of which shall be the Consumer Price Index - U.S. City average for urban wage earners and clerical workers all items (1982-84 equals 100) ("CPI") for the third month-preceding the month of adjustment, and the denominator of which shall be the CPI for the fifteenth month preceding the month of adjustment. Anything herein to the contrary notwithstanding, in no event shall Minimum Rent in any year be less than the Minimum Rent paid for the immediately prior year. Should the CPI become unavailable, a reasonable substitute prepared by the U.S. Department of Labor or other source, as designated by Landlord, shall be used. Minimum Rent shall continue to be payable in monthly installments as otherwise described above until Landlord notifies Tenant of the new monthly Minimum Rent installment amount. Landlord shall attempt to so notify Tenant prior to the commencement of each adjustment date. However, failure of Landlord to timely notify Tenant of the new monthly Minimum Rent installment amount shall not be deemed a waiver by Landlord of the increased rental; the new monthly amount (or any portion to previously paid) shall be payable, retroactive to the commencement of the new adjustment date,

upon notification by Landlord to Tenant of the new monthly Minimum Rent installment amount. Notwithstanding the foregoing, the annual Minimum Rent shall not be increased by more than three percent (3%) from the Minimum Rent payable for the immediately prior year.

15. Percentage Rental (section 2.3): N/A

16. Prepaid Rent (section 2.2): \$6,831.33 (includes sales tax) (due upon execution of

Lease; to be applied to first full month Minimum Rent is

due).

17. Security Deposit (section 2.7): \$6,384.42 (excludes sales tax) (due upon execution of

Lease).

18. Cost Pass-Throughs (section2.4): N/A

19. Comprehensive General

<u>Liability Insurance (section 6.1)</u>: \$2,000,000.00

20. Monthly Promotional Charge (section 13.1): N/A

21. Broker(s) (section 14.12): Cushman & Wakefield of Florida, Inc.

22. Completion Date for Tenant's Work:
(section 5.1): Sixty (60) days after the Commencement Date.

23. <u>Trade Name (section 3.1)</u>: Cuts Fitness for Men.

24. Other

UNCONDITIONAL COMPLETION GUARANTY

THIS	UNCONDITION.	AL COMPLETI	ON GUARAN'	ΓY (the "Gua	aranty") is r	nade as of
this d	lay of,	2004, by John	Gennaro, perso	nally and as	President of	of CUTS
FITNESS FO	OR MEN, a New Jo	ersey Limited Li	iability Corpora	tion (the "Gi	uarantor"), i	n favor of
MIAMI BEA	ACH REDEVELO	OPMENT AGE	NCY, a public	body corpo	rate and p	olitic (the
"Landlord"),	and is executed pr	ursuant to that co	ertain Anchor S	hops at Sout	h Beach Re	tail Lease,
dated		, 2004 (the '	'Lease Agreem	ent"), betwee	en Landlord	and Cuts
Fitness For I	Men, LLC, a New	Jersey Limited	Liability Corpo	ration (the "	Tenant").	The Lease
	s with respect to th				O .	,
in Anchor Sh	nops at South Beac	h, located betwe	en 16 th and 17 th	Streets at C	ollins Aven	ue, Miami
Beach, Florid	da (the "Retail Spa	ice"). All terms	used in the Lea	ise Agreeme	nt and defin	ed therein
shall have the	e same meanings w	vhen used herein	l .			

FOR VALUE RECEIVED, in consideration of, and as an inducement to Landlord's entering into the Lease Agreement with Tenant, Guarantor hereby irrevocably and unconditionally guarantees to Landlord the full and timely completion of Tenant's Work. This Guaranty shall be effective until such date (the "Guaranty Expiration Date"), as Tenant shall have met the following conditions: (i) Tenant shall have completed Tenant's Work as determined by Landlord's receipt of a copy of a certificate of occupancy for the Premises issued by the Building Department of the City of Miami Beach; and (ii) Tenant shall have commenced its business operations in the Premises in accordance with the terms of the Lease Agreement.

This Guaranty is a guarantee of payment and not of collectibility, is not in any way conditional or contingent and constitutes a valid obligation of Guarantor, and shall not be terminated, affected or impaired by reason of the assertion by Landlord against Tenant of any of the rights and remedies reserved to Landlord pursuant to the provisions of the Lease Agreement. The validity of this Guaranty shall not be terminated, affected or impaired by reason of any action which Landlord may take or fail to take against Tenant or by reason of any waiver of or failure to enforce any of the rights or remedies reserved to Landlord in the Lease Agreement or for any other cause or circumstance whatsoever.

This liability of Guarantor hereunder shall be primary and independent of the obligations of Tenant, and Landlord may proceed against Guarantor without commencing any action against Tenant. Landlord shall not be required to make any demand upon or pursue and exhaust any of its rights or remedies against Tenant, before, simultaneously with, or after enforcing its rights or remedies against Guarantor under this Guaranty; and Guarantor agrees that Landlord may enforce any or all of its remedies hereunder at such time or times or in such manner as it shall deem appropriate.

This Guaranty shall remain and continue in full force and effect until the Guaranty Expiration Date (as herein defined) notwithstanding any modification, amendment, renewal or extension of the Lease Agreement or any provision thereof and notwithstanding any assignment of interest therein.

The Guarantor consents to all of the terms and provisions of the Lease Agreement, as the same may be from time to time hereafter amended, and expressly waives (i) any and all notices of proof of non-payment, non-performance or non-observance by Tenant of any covenant or provision of the Lease Agreement, (ii) any and all demands, notices, rights or remedies of any kind which may be required to be given or which may inure to the benefit or a guarantor under applicable law, and (iii) any and all notices of default or events of default hereunder or under the Lease Agreement.

Landlord and Guarantor agree that in any action or proceeding brought by either Landlord or Guarantor against the other on any matters whatsoever arising out of, under, or by virtue of this Guaranty, Landlord and Guarantor shall and do hereby waive trial by jury.

Following the Guaranty Expiration Date (as such term is herein defined), upon written request by Tenant, the original of this Guaranty shall be marked as "cancelled" and returned to Guarantor. This Guaranty shall inure to the benefit of Landlord, its heirs, executors, successors and assigns and shall bind the heirs, executors, successors and assigns of Guarantor.

EXECUTED as of the day and year first above written, to be effective as of the date of the Lease Agreement.

WITNESSES:	GUARANTOR:	
<u> </u>	John Gennaro, in his individual capacity and as President of	
(Print Name)	Cuts Fitness For Men, LLC Corporate Headquarters 1120 Raritan Road	
	Clark, NJ 07066	
(Print Name)		

ATTEST:	CUTS FITNESS FOR MEN, LLC
By:Secretary	By: President
Print Name	Print Name:
STATE OF FLORIDA))ss:	
COUNTY OF DADE)	
The foregoing instrument was a driver's licenses as identification.	cknowledged before me this day of December, 2004. by They are personally known to me or produced a valid
	Notary Public, State of Florida Print Name:
My commission expires:	



Cuts Fitness For Men Corporate Headquarters 1120 Raritan Road Clark, NJ 07066 www.cutsfitness.com

Cuts Fitness For Women
Corporate Headquarters
1111 Lincoln Road
South Beach, FL 33139
www.cutsfitnessforwomen.com

Primary Contact:

Steven Haase Vice President, Strategy & Alliances steven.haase@cutsfitness.com Phone: 732-381-9300 x205

Industry:

Health & Fitness

Cuts For Men:

160 Franchises Sold 750 Projected by end of 2005

Cuts For Women:

Launching 12/15/04

Cuts For Men Media Pickup

Entrepreneur Mag. (12/04) Franchise Times (11/04) Chicago Tribune (8/04) Club Industry (06/04) Financial Times (6/04) Washington Post (5/04) ESPN2 (4/04) Chicago Tribune (4/04) Miami Herald (3/04) MSNBC (2/04) Associated Press (1/04) LA Times (1/04)

PR Firm

Ruder Finn/PTA

Law Firm

Harold Kestenbaum Farrell Fritz, P.C.

Accounting Firm

DeSena & Co.

EXECUTIVE SUMMARY

Founded in May, 2003, Cuts Fitness For Men is North America's fastest growing Men's fitness franchise. The first Cuts fitness center opened in Clark, New Jersey in May, 2003 and in a little over 12 months, more than 160 franchises have been sold. The company expects to have over 750 franchise locations across the United States by the end of 2005.

Entrepreneur Magazine just named Cuts Fitness For Men as One Of The Top, Hottest, Franchises for 2005! (12/04 issue)

Introducing Cuts For Women

Cuts Fitness For Women was recently founded in October, 2004 and an aggressive PR launch with Ruder Finn will be taking place on December 15, 2004.



The launch of the Women's business is based upon three core issues:

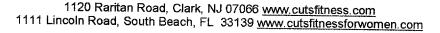
- 1. There is a clear, competitive weakness for the 25-50 year old women's fitness market.
- Bundling and marketing both Men's and Women's fitness solutions on a "side-by- side" basis is an attractive solution.
- Cuts has much momentum and visibility on the men's side of the business making it an easier sell to franchisees and club members.

Cuts Fitness Recent Initiatives

- Formation of a Board of Advisors comprised of industry leading experts in the fields of Fitness, Nutrition, Exercise Physiology, Sports Medicine, Strength Training & Rehabilitation
- 2. Books for both Men (completed) and Women (in process) titled "Cuts Fitness For Men (& Women) Guide To Healthy Lifestyles"
- 3. Selection of PR Firm, Ruder Finn/PTA, to help create and launch an aggressive campaign for both men and women solutions beginning late Nov.
- 4. Launch of Cuts Fitness For Women & the "Bundled Solution"
- 5. International Focus & Progress

Founder

John Gennaro is the President & Founder of Cuts Fitness For Men. John brings an extensive background of over 25 years in the Health & Fitness industry. He is the former creator of "Abs On Air" and other fitness products— selling over 5 million units via cable infomercials. He founded Cuts Fitness For Men in May of 2003.



About Cuts Fitness For Men

Cuts Fitness for Men is the fastest growing men's fitness franchise in The United States. It features the "Body Cuts" ™ System, a comprehensive, thirty minute circuit training and cardiovascular-based workout that appeals to men who don't have the time to spend hours in a traditional gym. Since the opening of its first fitness center in May, 2003, over 160 franchises have been acquired and the company expects to have over 750 franchises sold by the end of 2005. Cuts Fitness For Men was recently named as one of Entrepreneur Magazine's "New, Hottest Franchises for 2005".

Contact:

Maria Capuano
Cuts Fitness For Men
732/381-9300
www.cutsfitness.com



Biography!

"The 30 Minute Circuit Training Workout"

The founder of Cuts Fitness for Men™

John Gennaro, the president and founder of *Cuts Fitness for Men*, has been in the health and fitness industry for over ten years.

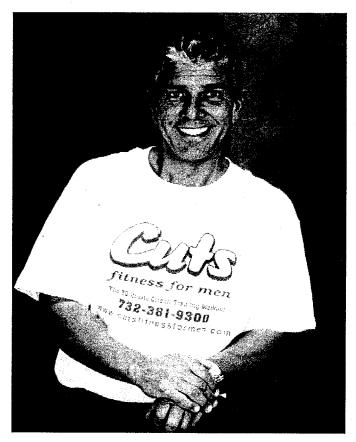
He came from a working class family and put himself through Seton Hall University. Hard work, family pride and personal desire have made him the "down to earth," caring and community-minded man that he is today. John's determination to make health and fitness fun, safe and easy, has taken him many places, but his roots remain in Clark, NJ.

John's professional career includes twelve years as a sales manager for Conair and three years as Vice President of Sales at Vidal Sasson.

According to research studies, most men cite a busy schedule, lack of knowledge, or experience in regular gyms, as the reasons why they can't or don't workout. Cuts Fitness for Men is a 30-minute circuit-training workout consisting of eight hydraulic machines and six cardio cool-down stations that work every major muscle group, by using double positive resistance.

Cuts Fitness for Men training program also minimizes muscle soreness. The Body Cuts system is designed to maintain a sustained heart rate between 20-25 minutes a day. By sustaining a target heart rate you will be burning fat and building healthy muscle.

The Body Cuts system is designed for men of all ages, sizes and fitness levels by providing a strength training and fat burning workout in thirty minutes instead of the two-hour workouts in traditional gyms.



John Gennaro President & Founder Cuts Fitness for Men and Co-Creator of the "Abs on Air"



Frequently Asked Questions

"The 30 Minute Circuit Training Workout"

Why should you buy a *Cuts Fitness for Men*™ Franchise over another gym?

Cuts Fitness for Men features a unique circuit training program. Cuts Fitness for Men is the first thirty-minute hydraulic resistance cardiovascular muscle-training program. Our one-of-a-kind program provides all the benefits of a two-hour workout in a half-hour session, three times a week. Cuts Fitness for Men is open limited hours throughout the week allowing you to own a business and continue with your life. Liability is much lower because there are no weights, no machine adjustments and no showers.

What kind of support can I expect from Corporate Headquarters?

Corporate staff is here to help throughout the entire process. From choosing a suitable location, to advertising, to your grand opening, we will guide you in how to make your facility a success. Training is provided at one of our flagship locations and is also available at your location. The operations manual was designed to help you not only operate a gym but also provide you with tips on running a business. You will have constant phone and technical support, as well as frequent updates, specials and additional circuit pieces.

What is included in my franchise fee?

The franchise fee includes eight hydraulic machines, six cardio stations, 14 heart monitors, body fat tester, a starter pack which includes brochures, letterhead, business cards, music CD's, que CD, wall charts, two days of managerial training and an operations manual.

What kind of training is provided?

Training is done at corporate headquarters located in Clark, NJ or at a flagship location closer to you. It is two days of intense training, during which time you and a manager will be certified in the *Body Cuts* system, and taught how to operate and run your facility. You will also be provided with an operations manual and vendors to help you set up your facility.

What's the overall opinion of members?

Members love the *Cuts Fitness for Men* circuittraining program. The majority of individuals trying a one-month membership have re-joined for a year. Members walk out feeling a sense of accomplishment and pride.

How do I get started?

The first step would be to receive a cover letter with our preliminary qualification form. Under FTC regulations, until we receive the preliminary qualification form and approve the application, we cannot send you anything else. Upon approval, you will receive our Uniform Franchise Offering Circular. If you wish to proceed at that time, you would send us a \$3,000.00 deposit payment to hold the territory of your choice. In the meantime you should be looking for a location that is 1200-1500 square feet for your *Cuts Fitness for Men* facility.

We look forward to working with you!!!



In The News!

"The 30 Minute Circuit Training Workout"





RESOLUTION NO.	

A RESOLUTION OF THE CHAIRMAN AND MEMBERS OF REDEVELOPMENT MIAMI BEACH APPROVING A SETTLEMENT PROVIDING FOR THE EARLY TERMINATION OF THE RETAIL LEASE BETWEEN **BEACH** AGREEMENT THE MIAMI REDEVELOPMENT AGENCY (RDA), AS LANDLORD, AND ADOLFO DOMINGUEZ U.S.A., INC., AS TENANT, DATED DECEMBER 8, 2004, FOR SUITES 1, 2, 3 AND 4 IN THE ANCHOR SHOPS, LOCATED AT 100 16th STREET, MIAMI BEACH, FLORIDA; APPROVING THE AFORESTATED SETTLEMENT SUBJECT TO AND CONDITIONED UPON TENANT'S EXECUTION AND SATISFACTION OF THE TERMS AND CONDITIONS SET FORTH IN THE ATTACHED LETTER AGREEMENT. DATED DECEMBER 8, 2004. BETWEEN THE RDA AND THE TENANT; FURTHER AUTHORIZING THE CHAIRMAN AND SECRETARY TO **EXECUTE A NEW RETAIL LEASE AGREEMENT WITH THE** REPLACEMENT TENANT, CUTS FITNESS FOR MEN, LLC, FOR THE ABOVE DESCRIBED RETAIL PREMISES.

WHEREAS, on September 13, 2000, Adolfo Dominguez USA, Inc., (Tenant) executed a ten (10) year Retail Lease Agreement with the Miami Beach Redevelopment Agency (RDA and/or Landlord) for 2,884 square feet of space, located in the Anchor Shops of South Beach, located at 100 16th Street Suites 1-4, Miami Beach, Florida; and

WHEREAS, since officially opening its doors in September, 2001, the Tenant has had a difficult time in achieving its sales expectations; and

WHEREAS, in February, 2002, the RDA, as a gesture of goodwill, reduced the Tenant's rent by 25% to address a number of prevailing adverse conditions, including the lingering effects of 9/11 and a series of streetscape improvements along 16th Street that resulted in unannounced street closures and loss of pedestrian traffic; and

WHEREAS, despite the reduction in rent, the Tenant continues not to realize profitable sales revenues and has approached the RDA seeking early termination of its Retail Lease Agreement; and

WHEREAS, on July 27, 2004, a meeting was held with the Tenant, to discuss possible exit options from the Retail Lease Agreement; and



WHEREAS, in accordance with Section 8.1 of the Retail Lease Agreement, the Tenant was advised that its obligations to the RDA shall remain in full force and effect until an acceptable replacement tenant is identified and approved by the Landlord; and

WHEREAS, it would be the Tenant's obligation to either procure an acceptable sublease for the remaining term of the Retail Lease Agreement; and

WHEREAS, the Tenant has opted to attempt to find a suitable replacement tenant for the space; and

WHEREAS, on November 15, 2004, the Tenant informed RDA staff that it had located a potential tenant, Cuts Fitness for Men, L.L.C (Cuts Fitness); and

WHEREAS, subsequent to a review of Cuts Fitness' references and financial statements, the Administration has proceeded to negotiate a new lease agreement for the Premises; and

WHEREAS, execution of a new retail lease agreement with Cuts Fitness is subject to and conditioned upon the execution of the attached Letter Agreement between the RDA and Tenant, which specifies the terms and conditions by which the RDA shall consent to the termination of the Tenant's Retail Lease Agreement as follows:

To the extent that the RDA is successful in negotiating and executing a new retail lease agreement with Cuts Fitness by January 31, 2005, for the Premises currently occupied by the Tenant, the Tenant shall, concurrent with execution of said retail lease agreement:

- 1. pay brokerage fees to Cushman & Wakefield in connection with the Cuts Fitness retail lease, equivalent to six percent (6%) of the aggregate gross rental for the initial lease term of five (5) years, in the amount of \$25,618.50;
- 2. pay brokerage fees to Virtual Realty USA, Inc., in connection with the Cuts Fitness retail lease, in the amount of \$5,000.00;
- 3. pay to the RDA the sum of \$13,662.44, equivalent to two (2) months of minimum monthly rent plus sales tax, to cover the rent abatement period requested by Cuts Fitness, starting on January 1, 2005 and ending on February 28, 2005;
- 4. execute a Limited Guaranty and Suretyship Agreement (Guaranty), guaranteeing payment of one (1) year's rent plus sales tax, in the amount of <u>\$81,975.91</u>, in the event that Cuts Fitness defaults on its lease during its first year of operation; and

WHEREAS, in the alternative, if the Landlord is not successful in executing a new lease with Cuts Fitness by January 31, 2005, the Tenant shall pay one (1) year's rent plus State sales tax, in the amount of \$81,975.91, plus brokerage fees, in the amount of \$25,618.50, (representing an amount equal to 6% of the Minimum Rent for the first five years of a new retail lease or sublease, estimated on the basis of Tenant's current minimum annualized rent payments); and



WHEREAS, the RDA recommends executing the attached Letter Agreement, specifying the aforestated terms and conditions, in settlement of Tenant's Retail Lease Agreement, subject to Tenant's compliance with the terms and conditions set forth in said Letter Agreement

NOW, THEREFORE, BE IT DULY RESOLVED BY THE CHAIRMAN AND MEMBERS OF THE MIAMI BEACH REDEVELOPMENT AGENCY, that the Chairman and Members of the Miami Beach Redevelopment Agency hereby approve a settlement, providing for the early termination of the Lease Agreement between the Miami Beach Redevelopment Agency (RDA), as Landlord, and Adolfo Dominguez U.S.A. Inc., as Tenant, dated September 13, 2000, for Suites 1, 2, 3 and 4 in the Anchor Shops, located at 100 16th Street, Miami Beach, Florida; approving of the aforestated settlement subject to and conditioned upon Tenant's execution and satisfaction of the terms and conditions set forth in the attached Letter Agreement, dated December 8, 2004, between the RDA and the Tenant; and further authorizing the Chairman and Secretary to execute a new retail lease agreement with the replacement tenant, Cuts Fitness for Men, LLC, for the above-described retail premises.

PASSED and ADOPTED this 8th day of December, 2004

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ATTEST:	
SECRETARY	CHAIRMAN
JMG\CMC\KOB	

APPROVED AS TO FORM & LANGUAGE

& FOR EXECUTION

Redevelopment Agency General Counsel

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CITY OF MIAMI BEACH





REDEVELOPMENT AGENCY MEMORANDUM

To:

Chairman David Dermer and

Date: December 8, 2004

Members of the Miami Beach Redevelopment Agency

From:

Jorge M. Gonzalez

Executive Director

Subject:

STATUS REPORT ON CLOSING DOCUMENTS BETWEEN THE CITY OF

MIAMI BEACH, THE MIAMI BEACH REDEVELOPMENT AGENCY AND

RDP ROYAL PALM HOTEL LIMITED PARTNERSHIP ("RDP")

ANALYSIS

On November 25, 2003, the City Commission and the RDA Board adopted Resolution No. 463-2003 authorizing execution of a Letter of Intent and preparation of closing documents (Second Amendment, etc.) in connection with the City's negotiations with the RDP.

From January 2004 - May 2004, the parties met on numerous occasions to finalize closing documents. On May 26, 2004 and July 19, 2004, the City forwarded final changes to the documents and set forth the remaining items that needed to be addressed.

On November 5, 2004, the City forwarded the revised documents and outlined all pending issues to Mr. Peebles and advised that a discussion item had been scheduled on the November 10, 2004 City Commission agenda regarding the status of closing. The letter further set forth a deadline to close, which would be prior to December 8, 2004, the last City Commission meeting of the year.

On November 10, 2004, the Administration provided the RDA Board with a status report on the issues raised by RDP's Lender during preparation of closing documents concerning Deferred Rental and the Special Indemnification clauses, in the event of a foreclosure or deed in lieu of foreclosure by the Recognized Mortgagee.

Since that time, there have been material changes in circumstances. Namely, the City has received notice from RDP's lender that it has transferred its loan to a new lender. North Fork Bank. Concurrent with receipt of that notice, North Fork advised the City that RDP was in Default in performance of the Mortgage and other Loan Documents. Additionally, on November 30, 2004 the Miami Herald reported that Mr. Peebles had entered into a contract to sell the Royal Palm Crown Plaza Hotel subject to closing with the City.

Consistent with the City's action upon receipt of a previous default letter received in August 2003, on November 22, 2004, correspondence was forwarded to Mr. Peebles, requesting a status and resolution to the Default Notice from North Fork Bank and reiterating the willingness to proceed to closing upon successful resolution of all outstanding issues.

> Agenda Item 12-8-64 **Date**

December 8, 2004
City Commission Memorandum
Royal Palm – Status Report
Page 2 of 2

As reported in LTC # 297-2004, the loan's default does not constitute a default pursuant to the City/RDA's Lease Agreement. However, if the Recognized Mortgagee pursues default proceedings, it is granted certain rights when it steps into the shoes of Tenant pursuant to the Lease, whereupon the Recognized Mortgagee, or its Designee, would then operate the Hotel. The significance of this is that any modifications as contemplated by the LOI, may ultimately inure to the benefit of the Recognized Mortgagee, or its Designee.

To that end, on November 24, 2004 and December 1, 2004, Mr. Peebles and I had a telephone conversation and he asked the City consider closing in escrow, conditioning the closing upon subsequent receipt of lender consent. Additionally, Mr. Peebles agreed that any benefits afforded by the Second Amendment would not survive in the event of a foreclosure or deed in lieu of foreclosure, in light of the current foreclosure action by North Fork Bank. Furthermore, concessions agreed to with the previous lender that were described in the November 10, 2004 Commission Memorandum will no longer apply.

However on November 30, 2004, North Forth Bank provided lender consent (notwithstanding the existing Event of Default), but only if such lender modifications remained in place. As a result, a letter is being forwarded to Mr. Peebles memorializing the November 24, 2004 and December 1, 2004 conversation and understanding and asking Mr. Peebles to secure Lender consent based on the revised negotiated terms.

In light of the foregoing, before proceeding any further regarding this matter, these revised terms and recent material changes in circumstances are provided for your information and to confirm your concurrence and authorization that the City proceed to closing, upon receipt of Lender consent to the revised terms.

JMG/CMC/rar
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